

# NEW ZEALAND

*A Working Democracy*

*by*

WALTER NASH

LONDON

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## PREFACE

WHEN Michael Joseph Savage, the first Labour Prime Minister of New Zealand, made up his first Cabinet he selected five native-born New Zealanders. Of the remaining seven, all being long resident in the dominion, five were born in Australia, one in Scotland, P. Fraser, and one in England, myself. This team worked together from December 1935 to April 1940, when Mr. Savage passed away, and from April 1940 until to-day under Peter Fraser, who assumed office as Prime Minister in succession to Mr. Savage.

I question whether in any country a body of men have worked more co-operatively together. All carrying fairly heavy loads, owing to a policy which needed new foundations to be laid in social and economic life—every member was required to introduce new methods to achieve results.

Mr. R. Semple, Minister of Public Works, in constructing a system of main railways and roads, together with a network of air-fields, made a contribution to quick mobilization and a system of defence which proved invaluable on the outbreak of war.

Mr. H. T. Armstrong, the author in New Zealand of the forty-hour week in industry, brought not only increased efficiency but a better spread of income with excellent results.

Mr. D. G. Sullivan determined to reduce New Zealand's dependence on overseas imports, fostered small shop production which made it possible to turn out large quantities of equipment and small arms essential to the dominion's war effort.

Messrs. Mason, Parry, Webb, Jones, Lee Martin, Langstone all did their share of the work to enable a Labour Government to function effectively. Later Messrs. Paikea, in charge of the Maori war effort, Wilson, Nordmeyer, Barclay, Skinner, and Roberts have all rendered service in the administration necessary to carry on the policy of the Government.

For the first five years Mr. Savage was the inspiration of the dominion and its Government. Combined with an indefinable charm, he had the faculty of getting to the heart of a problem, and after stripping away the unessentials, setting it out in words under-



stood by the man and woman in the home. He won the love and esteem of all who knew him. Heart, soul, and driving force of the social security system now in operation, by encouragement and help he enabled his colleagues to overcome unprecedented difficulties.

P. Fraser, then second in command, looked after health and education, and during the five-year period in which he was in charge of these departments, brought more reforms, order, and progress into these major social activities than had been achieved in any previous generation. The best brain and most informed member of the Government, he influenced its policy to a greater extent than any other individual member. As the natural successor to Mr. Savage, he became Prime Minister in 1940. His conduct of the war, his intuition, his complete grasp of the major strategies of the present war, have won him the respect of all sides in politics and every shade of thought throughout the dominion.

It was my privilege as Minister of Finance, Customs, and Marketing to introduce and pilot through Parliament the policy measures which brought profound changes in the financial and economic foundations of the dominion. The main measures were:

- The Reserve Bank Amendment Act
- The Primary Products Marketing Act
- The Mortgagors and Lessees Rehabilitation Act
- The State Advances Corporation Act
- The Social Security Act
- The Rehabilitation Act.

The most important factors in the legislative and administrative history of the past eight years of government in New Zealand are the complete organized teamwork to which every member of the Government contributed his full share, the outstanding qualities of M. J. Savage, who won an unprecedented loyalty in and out of Parliament, and of Peter Fraser, who has carried the country through the heavy years of war in such a way as to win the esteem not alone of his own people but of all who have known of the war efforts of the dominion of New Zealand.

I extend my sincere thanks to all who co-operated in this work.

WALTER NASH.

DRAWN BY REGINALD KNOWLES AND DEDICATED TO EVAN DENT

Auckland to Sydney 1278 miles

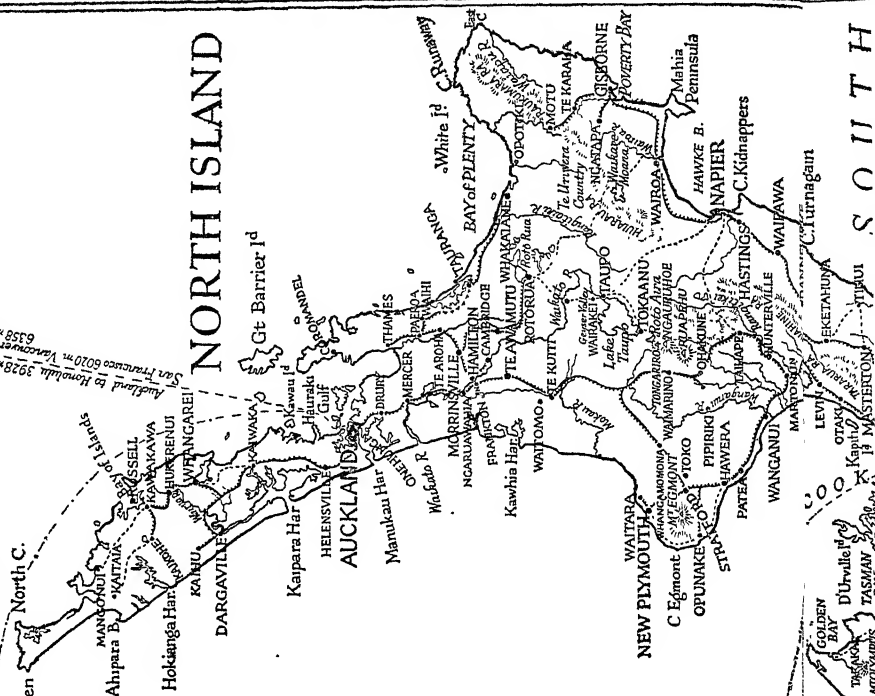
# A MAP OF NEW ZEALAND



Scales



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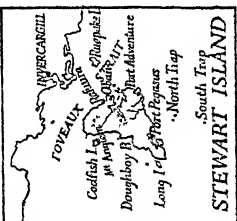
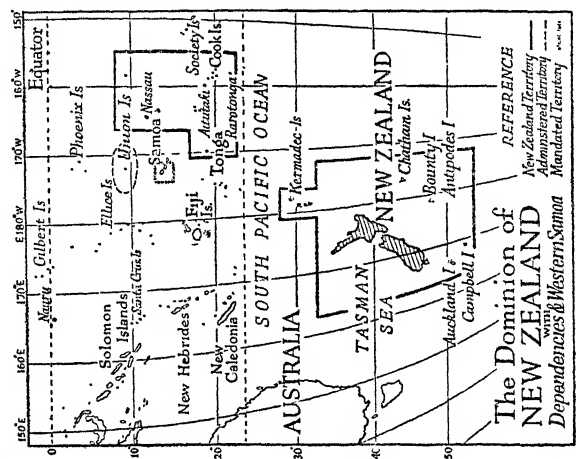
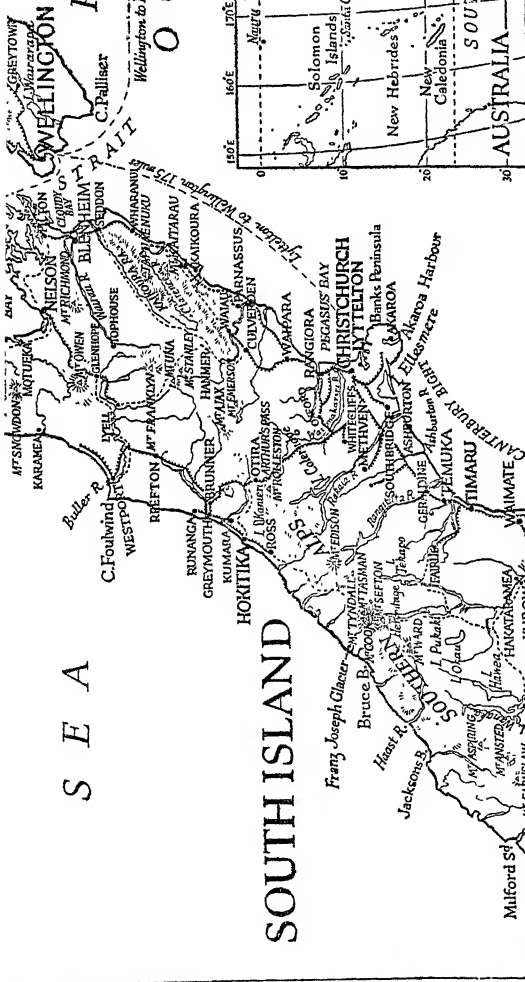


T A S M A N I A S O U T H

S E A

P A C I F I C  
O C E A N

Wellington to Buenos 6500 m. New York 6519 m. London 11325 m.



The Dominion of  
NEW ZEALAND  
Dependences & Western Samoa

REFERENCE  
New Zealand Territory  
Administered Territory  
Mandated Territory

Stewart Island



# I. NEW ZEALAND

## CHAPTER I

### THE LAND AND ITS PEOPLE

ON Sunday, 3rd September 1939, New Zealand's declaration of war followed that of Great Britain by only a few hours. And so began a chapter in the distant dominion's history that was to bring her into the closest touch with Europe, North Africa, America, the Pacific Islands, Asia—with people in all quarters of the earth hitherto almost wholly unconcerned with New Zealand. If, however, the world was not particularly conscious of New Zealand, New Zealand was much concerned with developments beyond her own shores, although the majority of the New Zealand people were largely preoccupied with domestic affairs. This was probably true, at least until 1935, when the spread of aggression both in Europe and the Far East compelled us to look farther afield and to take heed of world forces which many saw as an imminent threat to the security and freedom of even so isolated and remote a country as their own. Until then, however, the price of wool and next season's pay-out for butter-fat, the cost of living, and the forty-hour week had loomed much more importantly in the minds of the overwhelming mass of New Zealanders than the diplomatic rumblings of Europe or of Asia. Preoccupation with local affairs had, until comparatively recent years, absorbed their energies and their interest. After all, this is understandable in a small country isolated by long ocean distances from the centres of world diplomacy, whose people in a brief century of settlement have been literally pioneers wrestling with nature in a new and virgin land, building roads and cities and giving of necessity much time to the means of acquiring food and shelter. It is understandable, too, when one appreciates the circumstances under which New Zealand was settled and the economic and political forces which have shaped her development. As a New Zealand author has expressed it, the story of New Zealand

'is a unique story politically, first because it was a colonization conducted to a previously worked-out plan and, in the second place, because the colonists, although they soon scrapped the plan, remained so faithful to the spirit of it that the third and fourth generations will speak of a country they have never seen as "Home."' <sup>1</sup> The ties of sentiment which have characterized New Zealand's attachment for Britain were, from the outset, very close ones. These ties, moreover, have been powerfully reinforced over the years by considerations of economic self-interest. The prosperity which New Zealand has enjoyed and the high standard of living it has achieved have been largely built up upon the basis of an indefinitely expanding market in the United Kingdom for her primary exports. The development of the dominion's resources, her roads and railways, hydro-electric schemes, and public works were largely financed in the earlier years by British capital. New Zealand's isolation and her dependence upon the protection which the British Navy afforded, both to her own security and to the security of her vital sea-lanes and of her communications, further strengthened the bonds of sentiment and self-interest which have linked New Zealand inseparably with the mother country. Unlike her sister dominions, New Zealand showed little concern for forms of autonomy and status. In fact, it is only within the lifetime of the present generation that New Zealand has emerged to a sense of nationhood and to a formulation of what might be termed specifically New Zealand's views and attitudes on matters of imperial and foreign affairs. The historian, it is true, might justifiably point out that in the very early days of colonization New Zealand did possess very definite views on imperial and foreign policy. The unique and unchallenged position which Britain occupied during this period did permit an independence of spirit. But this independence was badly shaken during the Russian scares of the eighties and died away in the tension which preceded the outbreak of the first world war. New Zealand's participation in the 1914-18 world war, although it did not lead to any immediate break in the New Zealand tradition of non-involvement in international affairs, did hasten the emergence of a more distinctively New Zealand outlook on the world. Before

<sup>1</sup> Oliver Duff in *New Zealand Now*.

the war New Zealanders were an untried—perhaps an insular—people. After the war New Zealand could claim to be a nation. The war gave rise to a new and growing national spirit and awakened pride in the dominion's achievements, a realization of the dominion's own strength and capabilities, a fuller national consciousness.

In the post-war years, nevertheless, New Zealand did not share the impatience shown by some of the older dominions in their demands for dominion status and complete freedom in foreign affairs. If she did not actively oppose these demands at least she made clear her displeasure at any move which might be construed as tending to weaken the imperial connection as an organic reality. New Zealand, however, was obliged by force of circumstance to follow the other dominions in their march to nationhood. She acquired the same full authority in the field of foreign affairs, the same autonomous rights and privileges, even though at times they may have been accepted with reluctance and even with serious concern for the future of the empire.

But it has not been until very recent years, not in fact until 1936, that New Zealand has chosen to exercise the powers she has acquired, and not until 1944 has her Government proceeded to ratify the Statute of Westminster (1931). Unlike Canada and South Africa, New Zealand did not welcome as a progressive constitutional development the Balfour declaration of 1926 to the effect that the dominions were equal in status with and in no way subordinate to the United Kingdom. At successive imperial conferences New Zealand resisted all moves to weaken the common status of British subjects by the adoption of separate nationality acts by the dominions. Appeals to the judicial committee of the Privy Council in London have not been restricted, in deference to a strong feeling that exists in the dominion that the judicial committee should be retained as a court of last resort.

In the years preceding the outbreak of the second world war, however, a significant change in the New Zealand attitude was clearly to be discerned. During the first year of war the dominion celebrated the hundredth anniversary of the arrival of the first white settlers who came from England in 1840 to found a new nation. Associated with the idea of the centenary was the

feeling that New Zealand had established an identity and attained a culture of her own; not for the purpose of self-containment but with a view to making some distinctive contribution to the greater family of nations. For one hundred years the people of New Zealand had been in the process of adapting an old and unbroken culture—that of the mother country—to a new land and different circumstances. Much of this first century was directed towards the exploitation of the country's resources without too much regard for either the past or the future. If one type of thinking was particularly characteristic of New Zealand during this period of the frontier economy, it was that the way of progress lay in ever greater and greater production and export of foodstuffs and agricultural raw materials. Attend to those things, it was thought, and all else would look after itself. It was, therefore, a period of ruthless expansion—ruthless in man's attack on nature—a period that seemed to be marked by almost automatic prosperity. It is the same story that might be told about American economic development during those colourful and exciting years of westward expansion. But as the country was opened up and trade began to flourish, the immediate problem of providing the necessities of life was solved and the crucial problem gradually changed from one of producing enough to one of distributing all that was produced so that not merely would some have sufficient but all should have some. The first lesson that a pioneer in a new country learns is the need for self-reliance. The second, paradoxically, is that the individual can thrive only if all join in helping one another. Thus, New Zealanders have learned, in the hard school of experience, that against the hazards incidental to the competitive struggle for private gain must be set the need for collectively ensuring the welfare and security of the individual and the nation. They have learned, in other words, that the modern problem among pioneers who are coming of age is one of knowing how to distribute and how to consume properly the gifts of nature and the fruits of productive labour.

And it is true to say that as a result of their successful application of this lesson, men like Grey, Reeves, Ballance, McKenzie, and Seddon have had a significant influence not only on the affairs of New Zealand, but on the social progress and general evolution of



the whole British Commonwealth of Nations. It was these men who were mainly responsible for the social and labour legislation of the nineties and early twentieth century which set the pattern for New Zealand's political tradition and served as a model for the rest of the world. New Zealand, consequently, in her role of a young and progressive democracy, has had an influence quite out of proportion to the size of her population. For New Zealand, if not one of the smallest in area, is undoubtedly one of the most isolated countries on the face of the globe.

The most far-flung of the British dominions—13,000 miles from England, 7,000 from San Francisco—she is surrounded on all sides by vast stretches of the Pacific—southward, to the Antarctic; northward, to Siberia; eastward, 5,000 miles to the coast of Chile; westward, 1,200 miles to New Zealand's nearest neighbour, Australia.

Almost due north of New Zealand, about 1,150 miles away, lie the Fiji Islands, and to the west of them—about 750 miles from the coast of Queensland—is New Caledonia, two areas of the greatest strategic importance on each of which American and New Zealand forces are to-day standing guard together. Another 900 miles north of New Caledonia, advanced air bases are now firmly established in the Solomons. Thus, in terms of miles, New Zealand seems, as in fact it is, a considerable distance from the Pacific battle zones.

There was a time when her isolation meant security, when the long ocean distances between her shores and those of any potentially aggressive power were in themselves an effective guarantee against attack. But the long-range bomber, the ocean-going submarine, and the aircraft carrier have changed all this. We have had to alter our concepts of geography. The course which the war has followed in Europe, in the Middle East, and in the Pacific has shown clearly enough that distances are no longer a barrier against attack; no longer can New Zealand regard herself as isolated in any effective sense from the rest of the world. In fact, long before the war zones began stretching southward across the Pacific, the development of commercial aviation had brought New Zealand within quick reach of every important world centre. For eighteen months or more prior to the outbreak of war, Pan-American clippers were regularly spanning the vast regions of the

Pacific between San Francisco and Auckland. A trip that used to require eighteen days in a fast ocean liner could be accomplished in a fraction of that time. Trans-Tasman clippers maintained a frequent service between Auckland and Sydney, bringing Australia within eight hours' reach of New Zealand instead of the three or four days' journey that it had previously required. From Sydney it was possible to proceed by Quantas Airways to Singapore and thence by British Overseas Airways all the way to London. Auckland, indeed, was rapidly becoming an important terminal of two of the world's great air-transport systems.

Consisting of two main islands, the North Island and the South Island, New Zealand is roughly 104,000 square miles in area, a little larger than the United Kingdom and slightly smaller than Japan. Long and narrow, the main islands of New Zealand stretch through fourteen degrees of latitude, while if island dependencies are taken into account the control of the New Zealand Government would extend through the Ross Dependency almost to the south pole, and through the Tokelau Islands almost to the equator.

The North and South Islands, however, lie between parallels of forty-eight degrees and thirty-four degrees south latitude, corresponding, if transposed to the northern hemisphere, to the distance from Munich to Tripoli. No point inland is more than eighty miles from the coast. The great climatic extremes that are encountered in similar latitudes on the European continent are not experienced. The New Zealand climate is one of the most temperate in the world. It is spared virtually all the climatic terrors that afflict continental lands. There is neither fierce summer heat nor winter blizzard. It has no disastrous droughts or floods that can be regarded as major catastrophes. The mean annual temperature of the North Island is about fifty-six degrees Fahrenheit, that of the South Island about fifty-two degrees Fahrenheit. The difference in the mean annual temperature between the cities of Auckland and Dunedin, 630 miles apart, is less than nine degrees. In the North Island snow is seen only on the summits of the highest ranges in the winter time, whilst even in the far south ordinary pursuits both in town and country can be followed without hindrance, snowfalls being of very rare occurrence excepting in the high country in the foothills of the

Great Southern Alps. In no part of New Zealand is it necessary to house stock in the winter, although in the south sheep may be moved from the higher ranges to the lower levels.

Yet despite its relatively small area and its evenness of climate, New Zealand enjoys a remarkable diversity of landscape. Nature has compressed into New Zealand's limited area all the wide variety of landscape and topography, mountain and plain, forest and desert, rain and sun, beauty and barrenness that would normally be found scattered over a large continent. In his book *New Zealand Now*, Oliver Duff remarks that a contemporary of Voltaire's, and in his day almost as big a figure, said after a visit to England that 'even Nature had her affectations.' Forests, farms, harbours, rivers, enormous cities, and inexhaustible mines, all in a country of pocket-edition size whose position made it unassailable.' 'But if Nature "shows off" a little in England,' Mr. Duff continues, 'she struts through New Zealand an unblushing exhibitionist. In no other country of comparable size has she abandoned herself quite so wantonly.' To go from the North Auckland peninsula with its balmy sub-tropical climate, its citrus groves, and big game fishing camps to the rugged, heavily forested country in the far south is to pass from the south of Spain to the north of Denmark.

From north to south the country provides a galaxy of scenic and wonder sights unexcelled in the Pacific. The Rotorua thermal district, occupying the heart of the North Island, is a volcanic strip now in the solfatara stage, some 150 miles in length and 20 miles in width. It may be broadly considered as a great tableland with a general elevation of from 1,000 feet to 1,500 feet above the sea, crowned by three great volcanic peaks ranging up to 9,000 feet in height, dotted with many lakes, and pitted with thousands upon thousands of boiling fumaroles, mud volcanoes, ever-bubbling hot springs, and geysers of amazing proportions and energy. Near the same region, and within close touch of the Main Trunk Railway, are the famous Waitomo Caves.

The South Island displays remarkable Alpine attractions along the full range of the great Southern Alps, at least seventeen of whose peaks rise to more than 10,000 feet, culminating in Mount Cook or Aorangi (meaning cloud-pierced), as the Maoris more picturesquely named this 12,349-foot massive peak. On the west coast of the

island, reached by railway from Christchurch through a tunnel over five miles in length, under the main range of the mountains, will be found the world-famous Franz Josef Glacier, whose icy cliffs reach down almost to sea level amidst unforgettable luxuriant vegetation. Magnificent forest and lake scenery are further attractions, and in the extreme south-west of New Zealand are majestic fiords.

Mountains form a spine right down the country from north to south, producing a marked differentiation in rainfall, the precipitation being heavy on the west coast and very light on the east coast, with corresponding differentiation in farm activity. Despite the relatively large area of land taken up by mountains, rivers, and lakes, forty-three out of a total of sixty-six million acres were returned in 1941 as being in occupation, including land reserved for public purposes. Approximately one-half of the occupied area is cultivated, and the balance unimproved. The bulk of the cultivated area is sown in permanent pastures which are the foundation of the dominion's economic prosperity. It is, in fact, literally true to say that New Zealand lives on grass.

Occupying New Zealand's sixty-six million acres are some 1,641,000 persons, ninety-four per cent of whom are of English, Scottish, Welsh, or Irish extraction. Of the balance, five per cent are Maoris, New Zealand's native Polynesian inhabitants. Less than one per cent of New Zealanders are foreign-born. New Zealand must, therefore, rank on any comparative basis as one of the under-populated countries of the world. Although her absorptive capacity can easily be exaggerated, it cannot be denied that her resources and present stage of development are such as to enable a considerably larger population to be maintained without endangering the standards of living that have been built up. At the present time, New Zealand's population is little more than one-thirtieth that of the United Kingdom, or approximately equal to that of the cities of Liverpool and Manchester combined. Although New Zealand is predominantly a farming country, about fifty-seven per cent of its people are living in urban areas, the majority in the four main centres—Auckland (221,500), Wellington (158,000) Christchurch (136,000), and Dunedin (83,000).

Immigration, mainly from the United Kingdom, was actively

fostered during the country's earlier years of development, but the policy of governmental assistance to immigrants, which had been in force in varying degrees since 1871, has been restricted since 1927. New Zealand has fortunately been free from racial problems. There is no colour bar in New Zealand and no discrimination. The Maori enjoys full and equal civil rights and liberties along with all other New Zealand citizens. The Maori himself realizes he is an important and respected part of the dominion's life.

This has not always been the case. Not so many years ago, the Maori people, in common with the Polynesian race generally, seemed doomed to perish. It was the same sad story that has occurred again and again when simple self-reliant native peoples have been introduced to the doubtful blessings of western civilization. The record of the European nations among the Polynesian peoples is not a record of which they have cause to be particularly proud. It is a tragic story of a fine, intelligent, free, and healthy people easily corrupted by many of the worst features of the white man's civilization—forsaking reluctantly many of the best features of their own communal society; a tragic story of a happy, carefree people with immense potentialities, with inherent capacities for contributing richly to the cultural and intellectual life of the Pacific, decimated and in many cases almost annihilated by the ravages of war, disease, and sordid commercialism which followed the white man's footsteps in those early years of exploration and settlement.

For a number of years, however, in New Zealand and in other islands of the Pacific, the white man has been endeavouring with considerable success to make amends for the injustices and the crimes committed against the Polynesians in those earlier days. It is, perhaps, partly due to this fact, but mainly to the delightful qualities of the Maori himself, that he is now accepted as a full equal, socially and politically, is trusted, respected, and admired, by his fellow (white) New Zealanders.

Thus in spite of the strain of fatalism in the Maori race, which once made him regard extinction as his inevitable lot, the population is no longer a dwindling one. The Maoris, on the contrary, are increasing in numbers more rapidly than are the Pakehas (white New Zealanders). This rebirth of the Maori race has been due to the

efforts of successive Governments, and of the Maori people themselves, under the guidance and direction of some of the most able men and women that New Zealand has produced—men and women of Maori blood who have had a tremendous influence in shaping not only the destinies of their own people but the destinies of New Zealand itself. The value of a policy of complete co-operation and equality was already manifesting itself in pre-war years with the revival of Maori economy, particularly where it was centred round the co-operative farms established in many native districts. As in 1914, so in 1939, when war came again, the spontaneous response made by the Maori people was convincing proof that such mutual confidence and respect can bring results of the greatest benefit to the strength and morale of the nation. When war was declared in 1939 so many Maoris enlisted that the New Zealand Government decided to form a Maori battalion. These troops rapidly turned out to be among the best we had. In Greece, at Thermopylae and other historic places, the Maori battalion fought an heroic rearguard action against the German armoured divisions. In Crete their repeated bayonet charges contributed largely to the tremendous losses inflicted on the Germans. In Libya and again in Egypt the battalion has distinguished itself, not only by its fighting spirit, but by its high standard of efficiency. The first commander was a Pakeha, a New Zealand regular soldier. In Egypt, in 1942, however, the battalion was commanded by Colonel Tui Love, a Maori. He was killed in action leading the battalion in a bayonet charge in July 1942. He was succeeded by Lieutenant-Colonel Fred Baker, also of Maori origin, who after severe wounds was invalided out of the army in 1943. He is now Director of Rehabilitation. At the stage when only volunteer enlistment existed in New Zealand some thirty-eight per cent of the Maoris of military age enlisted.

At home the Maori people have played their full part in the war work of the country, and recently another Maori battalion was formed to serve among the forces stationed inside New Zealand. The contribution which the Maoris are making to the war and the steadily growing number of educated and distinguished Maoris who are active in the civilian life of the dominion will be important in post-war years. Maori leaders should be able to play

a considerable role in developing democratic institutions and a democratic way of life in other parts of the Pacific islands inhabited by people of similar stock.

A fact to be constantly borne in mind in any general appraisal of New Zealand, her people, and their accomplishments is that she is a very young country as countries go. It is barely more than a hundred years since organized settlement first began. Yet in that short space of time—short, that is, in the history of nations—New Zealand has been transformed from a rugged wilderness into one of the most productive and prosperous areas on the face of the globe. Contrast the New Zealand of to-day—with its mechanized farms, its thousands of miles of railways, of bitumen and concrete highways, its well-equipped ports and aerodromes, its modern industrial enterprises, its rich mineral and forestry resources, its high standard of living—with the savage land of one hundred years ago.

When New Zealand was discovered by Abel Tasman, the Dutch navigator, in 1642, it was found to be inhabited by a race of Polynesians, called Maoris, who had migrated to these islands several centuries previously. The origins of the Maori people, prior to their final migration, are not known, but it is believed, in accordance with the general tradition of the Polynesian race, that they migrated eastward from Asia by way of Malaysia to the eastern Pacific. On their arrival the Maoris found inhabitants on the east coast of the North Island of similar racial origins to themselves. Known to the Maoris as Morioris, or 'inferior people,' the race was driven to the South Island and to the Chatham Islands. Through absorption with the dominant Maoris, the Morioris gradually disappeared and they finally became extinct with the death of their last member in 1933.

Since they had come to New Zealand from tropical latitudes, the Maoris largely confined themselves to the warmer North Island, and when they were subsequently discovered by European explorers and settlers they were found to be in a high state of neolithic civilization, with marked superiority in the arts of wood-carving and military engineering. Their principal social unit was the family group, and from combinations of the numerous groups were formed the sub-tribes and tribes. With highly developed social and

ritualistic customs they were communistic within the sub-tribes in their system of land tenure, as well as in their methods of cultivation. Inter-tribal and intra-tribal warfare was common, and as individuals they displayed exceptional courage and intelligence.

After Tasman's first cursory exploration, there was no recorded visit of any European until Captain Cook, the English navigator, made the first of his visits in 1769. On his first voyage, Cook spent six months exploring the New Zealand coast line and he completely circumnavigated the North and South Islands. It has been said of Cook that 'he found New Zealand a line on the map, and left it an archipelago.' Cook's ability was shown not only by his cartographical accuracy, but also in his peaceful dealings with the Maoris. He returned to New Zealand again in 1773, in 1774, and in 1777.

The publication of Captain Cook's *Voyages* drew the attention of many people to the possibilities of New Zealand, but there was no notable settlement until 1840, when organized colonization had its successful beginning. Before that time sealers and whalers had ventured to these seas, and some of them had settled in various parts of the country. For some years prior to 1840 New Zealand was under the jurisdiction of New South Wales, but there was so little provision for the maintenance of law and order that the imperial authorities were urged to take more effective action.

On 29th January 1840 Captain William Hobson of the Royal Navy arrived at the Bay of Islands, empowered to proclaim, with the consent of the natives, the sovereignty of Queen Victoria over the islands of New Zealand, and to assume governmental power. On 6th February of the same year a compact called the Treaty of Waitangi was entered into, whereby all rights and powers of sovereignty were ceded to Queen Victoria, all territorial rights being secured to the chiefs and their tribes.

Simultaneously with Hobson's arrival in Russell there had landed in Wellington a body of settlers brought out by the New Zealand Company. This company, whose moving spirit was Edward Gibbon Wakefield, was endeavouring to systematize colonization by transplanting sections of English society into virgin country. Owing to the unsatisfactory nature of the original land purchases, considerable difficulty was experienced in the initial settlements,



and friction developed not only between the settlers and the natives but between the governor and the settlers as well. Following Hobson's death, the existence of the colony became precarious, for, through lack of funds and weak administration, Maori aggression became a real menace. George Grey was appointed governor by the Colonial Office to cope with the situation. He soon restored order and won the confidence of both the settlers and the natives. During Grey's term further organized settlements were founded. Also during his term steps were taken to draft a constitution for the colony. An act granting representative institutions was passed by the Imperial Parliament in June 1852. Under it provision was made for the constitution of a General Assembly consisting of a Legislative Council and a House of Representatives. Provision was also made for the division of the country into provinces, each province having an elected council and an appointed superintendent.

At the conclusion of Grey's term of office, and after his departure, the question of relationship with the Maoris again came to the fore through the land-purchasing activities of the settlers—a situation aggravated by subsequent lack of consideration for the Maori system of land tenure. Following an incident at Waitara in the Taranaki district, where a dispute arose concerning land titles, war broke out in 1860; it lasted spasmodically until 1870.

The discovery of large alluvial deposits of gold in the South Island, leading to a large influx of population and an alteration of the economic structure of the country, turned attention away from the hostilities which had been confined to the North Island. With the subsequent agrarian expansion, especially in the development of large pastoral holdings, New Zealand ceased to be merely self-sufficient agriculturally and began to develop a substantial export trade, mainly in wool.

These factors, together with freedom from strife with the native population, led, after 1870, to a quickening in political activities. A policy of extensive borrowing for railway and road construction was begun, and the provincial assemblies, whose parochialism had frequently proved obstructive, were abolished. A short time later party politics began to enter into the parliamentary system. By the abolition of plural voting in 1889, and the introduction of female

suffrage in 1893, the way was opened for a practical expression of political convictions by all adult members of the community.

In the meantime New Zealand has become a completely self-governing dominion of the British Commonwealth. Every decision affecting the future and the security of New Zealand is made by the dominion itself by the New Zealand Parliament and nowhere else. The New Zealand Government has the same power and authority to determine the destinies of New Zealand as the British Government has to determine the destinies of Great Britain.

New Zealand's system of government is notably democratic. In New Zealand the Crown is represented by the governor-general (appointed for a term of five years). Parliament consists of two chambers—the Legislative Council and the House of Representatives. Members of the Council are appointed by the governor-general on the advice of the ministry. The members of the House of Representatives (eighty) are elected for three years on the universal 'adult franchise'—seventy-six by European and four by Maori constituents. There is an executive council, comprising the governor-general and the ministry, responsible to Parliament.

The franchise for the election of most local bodies (city councils, borough councils, and others) does not differ essentially from the parliamentary one. It is practically 'one man one vote, one woman one vote,' a right which begins at the age of twenty-one years, on a residential qualification, as a British subject. For counties, road districts, and river districts, only ratepayers are electors and plural voting on property basis prevails.

New Zealand does not possess a written constitution comparable with those of Canada, Australia, or the United States, although there is, in fact, a New Zealand constitution based upon a British statute of 1852. However, as New Zealand is the only overseas dominion, apart from Eire, which has no provincial government, constitutional questions do not arise. New Zealand is fortunate in having one central government, which has unchallenged authority over the whole country. Parliament is all-powerful. Education, public health, police, main highways, for example, are all the direct responsibility of the Government and not of local authorities.

New Zealand is an amazingly fertile country. It sends away each

year to the markets of the world—mainly to Britain—more butter, cheese, and lamb than any other country. Its factories supply many of New Zealand's domestic needs.

In less than a hundred years New Zealand has been transformed from a wilderness into one of the most productive areas on the face of the globe. During the first four years of this war, 1,050 million pounds of butter, 1,020 million pounds of cheese, 2,500 million pounds of meat, 1,000 million pounds of wool were shipped abroad. The dominion's *per capita* overseas trade is greater than that of any other country.

While manufacturing industries have shown rapid growth in the last twenty years, New Zealand is still mainly a farming country—particularly a country of grassland farming. The development of the agricultural and pastoral industry has gone along three main lines: (1) the pastoral occupation of very large areas of native tussock country, mainly in the South Island, for the production of wool; (2) the use of tillage implements to convert large areas of easily ploughable fertile land into cropping and grazing farms; (3) the clearing of large areas of sub-tropical rain forests of the North and South Islands and the sowing of English grasses on the rich soil, thus making initially some of the world's best pastures without the use of a single tillage implement. This replacing of forests with pastures has proved to be of greater importance than the other two lines combined, though to maintain fertility the application of fertilizers has been necessary in many areas. After adequate reservations of forest areas for scenic and other purposes, there are still areas of bush lands, particularly in the North Island, which can be transformed into excellent pastoral country.

Fertile soil and favourable climate helped New Zealand to gain and maintain prosperity in farming operations, but development was comparatively slow until the speeding up of shipping services and the advent of refrigeration, which enabled the dominion to find a satisfactory market for perishable produce in England. The grazing industries, including dairying, supply nearly ninety-five per cent of the exports; but agricultural operations have an important function in helping to maintain the prosperity of other kinds of farming, and, of course, they are essential for the dominion's

own food supply. The larger part of cropping, excluding cereals, is auxiliary to dairying and fattening of stock. The mild, sunny climate, with a well-distributed rainfall, which is usually sufficient for all farming needs, and good soil permit a wide range of cultivation. The country has astonished many visitors by its excellent growth of pastures and of crops, both grain and root.

The Department of Agriculture and associated research organizations have helped greatly towards rationalization of farming practice and the improvement of strains, both of stock and of seed types. The result of these efforts is to be found in the continued increase in the volume of farm production and the enviable reputation for quality enjoyed by New Zealand grassland and orchard products in the world's markets.

In recent years the dairying industry has benefited by the payment of 'guaranteed' prices. The announcement of a settled price to be paid for butter-fat during the whole season has largely removed the uncertainty of fluctuating returns, and has resulted in greater stability within the industry. This result has been enhanced by the work of the Executive Commission of Agriculture and the Marketing Department in co-ordinating the operations of dairy factories and consequently eliminating the wastes of overlapping. Modified forms of guaranteed prices also operate for other primary products, including honey, lemons, tobacco, wheat.

All farming activities have benefited from the opportunities given for the readjustment of excessive mortgage and leasehold obligations. In the revaluations of property after the 1929-39 depression many of the inflated values (a legacy of former boom periods) have been written off. By these and similar measures the whole pastoral industry has in recent years been placed on a more secure economic basis.

Increasing numbers of farmers are proving that the top dressing of pastures is encouragingly profitable. During the year 1940-1 about 4,650,000 acres were treated with fertilizers. The use of machinery on farms was also steadily extending before the outbreak of war.

For many years sheep products held the supremacy in value of exports—wool, meat, tallow, skins, and casings—by a large margin, but during more recent years cattle products have on occasions

assumed first place. The variations are mainly caused by fluctuations in the price of wool and butter, which are the two principal items in the respective classifications.

The development of dairying following the first world war is the principal feature of New Zealand farming. In this period the total output of dairy produce has been more than doubled, and the annual average of butter-fat yield per cow has risen by improvements in the management of stock and farms.

Immediately prior to the outbreak of the present war New Zealand had reached the stage at which the development of suitable manufacturing industries had an increasing importance. It is anticipated that the next decade will see a large extension of industrial enterprise.

The main manufactures are pure woollen fabrics and clothing; leather, boots, shoes, saddlery, and belting; furniture and furnishings for households and offices; machinery, implements, and various fabrications of iron, steel, copper, brass, and lead; cement, bricks, tiles, and pottery; billiard tables, pianos, motor bodies, and radios; many preparations of food and foodstuffs, condiments, cordials, wine, beer, and patent medicines; numerous household articles such as cooking ranges, matches, candles, soap, starch, baking powder, and boot polish.

New Zealand has sufficient machinery and skilled labour to provide the whole of the country's requirements in woollen textiles and clothing, boots and shoes, biscuits and other cereal foods, confectionery, jam, beer, soap, cement, timber (except hardwoods), and furniture.

New Zealand's natural resources are mainly agricultural, but the land has resources of raw materials that can be made the foundation of many secondary industries. There is immense scope in the dominion for industrial expansion, and she will offer an excellent market in the future for capital goods of the type which countries like the United Kingdom and the United States of America are admirably suited to supply. Whilst there is labour available to work on these resources we will, of course, develop them to the fullest extent of our ability, but the policy which the dominion is anxious to pursue will mean for the United Kingdom and the United States not a static market, but an expanding

market for much equipment—plants, machinery, and many of their manufactures.

Public works and capital investment generally are such as to warrant considerable expansion of population and of industry. Railways and transport services generally are well developed and efficient, while the expanding programme for hydro-electricity, which together with the railways is state owned and controlled, is capable of supplying quickly and cheaply sufficient power for industries much in excess of those existing to-day.

From the point of view of climate and soil and natural advantages generally, New Zealand could support a much greater population, and at the same time raise the standard of living: it has already a well-developed manufacturing side to its economy.

In New Zealand we firmly believe that whether or not we are successful in bringing about still closer economic and trade relations with the United States, the British dominions in the Pacific will be drawn inevitably, as a result of the present war, closer and still closer to the North American democracies.

The United Kingdom has always constituted New Zealand's economic life-line in the sense that it has provided the market for eighty to ninety per cent of her exports, and is the principal source of supply of the dominion's imports.

A primary producing country which has specialized to an extreme degree in the production of a narrow range of high-quality pastoral products, New Zealand has based her economy on her ability to maintain an extraordinary *per capita* overseas trade. Customs tariffs are comparatively low with substantial preference accorded to United Kingdom goods. Wherever possible, New Zealand has endeavoured to extend reciprocity and has granted most-favoured-nation treatment to many countries, and during later years has endeavoured to negotiate reciprocal bi-lateral agreements with many others. The economic life of a country can no longer be left to chance. It must be guided. This would be so quite apart from the principles actuating the general policy of the present New Zealand Government.

The advent of the Labour Party to power in 1936 coincided with a growing awareness of New Zealand's vital interests in world relations. It led, furthermore, to the formation and expression of

clear and positive attitudes about them. The new Government declared itself in unequivocal and uncompromising terms against aggression in any shape or form.

In view of its policy and subsequent record the New Zealand Government would have betrayed the very principles which it had so consistently advocated had it done otherwise than enter the war with Britain against Nazi Germany. The principles for which New Zealand has gone to war are the very principles to which the people of the dominion, through their Government, have endeavoured to give expression at home. It is essential that these should be maintained internationally if we are to enjoy the fullest freedom and security within the borders of our own nation. New Zealanders are conscious of the fact that they are part of a commonwealth of nations whose first ideal is freedom of the individual and that that commonwealth is allied with other countries whose ideals are identical with its own.

## CHAPTER II

### A MODERN DEMOCRACY

NEW ZEALAND to-day offers a practical example of the kind of social organization—the kind of laws and institutions—that may well become typical of most democracies to-morrow. New Zealand has carried through to some degree the trends of economic control and of integrated social organization which have been everywhere apparent as the main lines of social development. They have come a little more rapidly with us than in most other countries and have been, in the main, consciously guided to serve the best ends of the community.

The system of controls and the objectives to which these controls have been harnessed have not been merely the results of haphazard adaptation to the changing needs of the modern social state. New Zealand's long tradition of state activity, the recognition that the community as a whole through its organized government must be collectively responsible for the welfare of its members, the emphasis that has always been given to individual rights and freedom—these facts have enabled necessary political and economic adjustments to be made smoothly and as the need has arisen. New Zealand has justly earned for itself a reputation as the world's economic and social laboratory.

In the early years of settlement there was little progress in social reform. In what was an essentially agricultural and pioneering country, conditions demanding social and labour legislation were not present. The land became settled. Cities began to grow and roads and railways gradually linked up centres of population. Industries became established and people slowly turned from the hard and unremitting task of carving homes and farms out of the dense forests. Community life and contacts began to multiply and the problems of government gradually grew in importance. Often the legislative and administrative trends, which were to determine the dominion's subsequent development, were quickly manifested.



Long, hard years of pioneering in a virgin country brought home very forcibly to New Zealanders the necessity of self-help. They learned this lesson well and they have not forgotten it. To-day in the desert sands of Libya, in the skies over German cities, and on cruisers and carriers in the southern seas these traits of individual initiative and responsibility are a characteristic of thousands upon thousands of young New Zealand men. They learned, too, that the individual can only thrive if all join in helping one another. Thus there emerged side by side with a deep faith in the value of individual freedom an equally firm belief in the value of collective organization for the individual as well as for the nation. The philosophy that the ordinary New Zealander holds has developed simply because common sense combined with a realistic approach towards most problems and a strong humanitarian instinct have satisfied the majority of New Zealanders that this philosophy offers the best and fullest possibilities in life to themselves and their children.

It was in the nineties of the last century that New Zealand's political leaders enacted a code of social and labour legislation that was to serve as a model for the rest of the world for many years to come. But even before this, in 1878, the New Zealand Parliament had passed the Trade Unions Act affording unions protection from prosecution for conspiracy merely because their purposes were in restraint of trade. This was followed by legislation regulating working conditions of seamen, by an Inspection of Machinery Act, and by the Employers' Liability Act, giving the worker the right to receive compensation for industrial accidents without recourse to expensive litigation.

With the advent of the Liberal regime in 1891 there ensued a vigorous social programme of old-age pensions, universal suffrage, laws governing employment in factories, shops, and offices, state advances for housing and land settlement, and other social reforms. The legislation of this period was to correct the manifest injustices of the *laissez-faire* system. Depression, discontent, and a growing labour force formed an economic background favourable to social legislation.

Meanwhile, a maritime strike in 1890 proved to the trade unions that they were not sufficiently strong to obtain their demands by

direct action. They diverted their activities to the political field. The strike also aroused public opinion to the necessity for preventing such industrial strife in the future. This situation led to what was perhaps the greatest achievement of the Liberal administration—the industrial conciliation and arbitration system and the formation of the Labour Department, which not only administered the Labour Code efficiently, but could also modify it rapidly to suit changing conditions. Such flexibility has been of special advantage to a country exporting primary produce which is, of all countries, most open to the fluctuations of prices in overseas markets.

This code of labour laws and the need for constant intervention in labour conditions profoundly modified labour organization. Resort to judicial rather than to militant action became the accepted means of settling industrial disputes. Much of the bitterness usually associated with the struggle for improved wages and working conditions was avoided. Moreover, close association with the arbitration court led to the growth of a strong political bias in the aims of unionism. Since the legislative code assured the workers of many benefits for which they would otherwise have had to fight strenuously, it was felt that the further amelioration of living conditions would best be attained by legislation rather than by direct action.

The arbitration system has by no means avoided all industrial strife. Many serious strikes have occurred in spite of the arbitration court, but there is little doubt that the machinery it has provided has served a worth-while purpose in minimizing industrial friction and in securing to large sections of organized labour—especially unions which lack the strength and the resources to meet employers on equal terms—benefits they would not otherwise have been able to secure. Certain large and powerful unions, on the other hand, for example, the Waterside Workers' and the Miners', have preferred to remain outside the scope of the Arbitration Act, relying on their collective bargaining power.

During the twenty-six years from 1895 to 1921 the scope of the arbitration courts' awards was gradually expanded, the most important step being the power conferred of prescribing minimum rates of wages. Originally the court was more concerned with conditions of work.

In 1932, under the stress of depression conditions, amendments were made to the Industrial and Conciliation Arbitration Act which, in effect, abolished the system of compulsory arbitration. But with the coming to office of the present Labour Government in 1935, the full powers of the court were once more restored.

While New Zealand was largely marking time in social and economic reforms, the political labour movement was steadily gaining strength. At the conclusion of the 1914-18 war the Labour Party had firmly established itself as a major political force, and after many years of campaigning and consistent progress became the official opposition in the New Zealand House of Representatives.

Labour's representatives vigorously opposed the deflationary policy pursued during the depression years, submitting instead an alternative programme which secured the overwhelming support of electors in November 1935: (1) To assume control of the central credit system of the dominion for the purpose of ensuring the maximum realization and distribution of the country's resources. (2) To reorganize the Mortgage Corporation on lines similar to the old State Advances Department, and to liberalize and extend its lending facilities. (3) To organize productive development employment through public works, assistance to local authorities, and the fostering of secondary industries. (4) To guarantee prices to farmers and to abolish the previously speculative nature of their income. (5) To restore all cuts made in wages, salaries, and remuneration during the years of depression, to legislate a statutory minimum wage, and to provide an adequate standard of living for all workers. (6) To reorganize the education system for the purpose of providing the maximum possibility of advancement for all children. (7) To institute a national health insurance service for the purpose of providing every facility for the maintenance and restoration of health. (8) To provide a superannuation and pension system that would supply an adequate income to the aged, ailing, widowed, and all those unable to earn their own living. (9) To support the Covenant of the League of Nations for the avoidance of war and the maintenance of peace, and to maintain closest relations with the nations of the British Commonwealth. Immediately on assuming office, the new

Government initiated an energetic policy involving far-reaching changes and reforms in the economic and social structure of the dominion. There followed, until the outbreak of war in September 1939, under Labour leadership a period of legislative activity and social progress probably without parallel in New Zealand's history.

The first legislative measure of the New Zealand Labour Government was the Reserve Bank Amendment Act of April 1936, under which the existing central bank was reconstituted as a state-owned, state-controlled authority the principal function of which was to give effect to the monetary policy of the Government.

The second major policy measure was the Primary Products Marketing Act, which made provision for a guaranteed price to dairy farmers and for the fixation of prices of butter and cheese for export and consumption in New Zealand. The importance of this measure can be understood when it is remembered that dairy exports represent two-fifths of the total value of the entire export trade of the dominion. An amending act in 1937 brought eggs, fruit, and honey within the scope of the Act, while subsequent regulations added hops and potatoes. In the 1939 amendment the words 'primary products' were cancelled from the titles of the Act, and since the war the Marketing Department has become responsible for the bulk purchase for export of meat, tallow, and woolly sheepskins.

The third major policy measure was the State Advances Corporation Act passed in June 1936, which eliminated the private share capital from the Mortgage Corporation, and established in its place the State Advances Corporation, a completely state-owned and state-controlled lending institution with the primary function of providing cheap, long-term finance in the form of first mortgages on property. The 1936 Act charged the corporation with the administration of the Housing Act, 1919, and provided for a special housing account with the reserve bank. To give effect to the Government's policy a director of housing construction and a special housing construction branch were established. In spite of wartime shortages of labour and materials considerable progress has been made in rehousing, and the standard of houses and flats built under this scheme is in line with the most modern develop-

ments in construction and design. Other functions of the corporation are the granting of loans for various purposes, viz. to local authorities for the purpose of erecting workers' dwellings, the development of existing industries or the establishment of new industries under the Industrial Efficiency Act, 1936, assistance to war industries, and the rehabilitation of ex-service men.

The restoration of purchasing power to the community and the extension of the Labour Code received early attention. On 31st July the Finance Act, 1936, repealed all reductions in salaries and wages made during the depression years, and restored rates of wages to those ruling on 31st March 1931. Amendments to the Industrial Conciliation and Arbitration Act, Factories Act, and Shops and Offices Act provided for the restoration of the compulsory powers of the arbitration court, the establishment of a minimum basic wage for adult workers, the forty-hour, five-day week, and compulsory trade unionism in all industries subject to awards of the court.

The Agricultural Workers Act, 1936, had as its primary object the raising of living standards of agricultural workers who are not protected by awards of the arbitration court. Conditions of employment, accommodation, and remuneration are governed by the Act, which at first applied only to workers on dairy farms, but has since been extended by Orders in Council to cover orchard workers (1st February 1937), workers on farms or stations used for the commercial production of wool, meat, or grain (including seed) (1st May 1937), agricultural workers in market gardens or nurseries, 1938-9, and tobacco growers in 1941.

The Mortgagors and Lessees Rehabilitation Act, 1936, provided for the adjustment of mortgage and other liabilities and for the setting up of the necessary judicial procedure.

The provision of guaranteed prices to the farmers, the establishment of minimum wage rates and living standards for agricultural workers, and the provision for the adjustment of mortgage debts were measures aimed at the rehabilitation of the farming industry on which the prosperity of the dominion depends. (In 1940 the value of pastoral exports represented 94.6 per cent of the total value of exports from New Zealand.)

Other measures during the first year of office were the

Broadcasting Amendment, the Education Amendment, Pensions Amendment, Political Disabilities Removal Act, Prevention of Profiteering Act, the Shipping and Seamen Amendment, the War Pensions Amendment, the Wool Industry Promotion Act, and, perhaps most interesting of all, the Industrial Efficiency Act, which provided for the rationalization and development of existing industries and the promotion of new industries.

The outstanding legislative achievement of the year 1938 was the Social Security Act, which consolidated previous pensions legislation dating as far back as 1898 and provided some entirely new features. A summary of the provisions of the Act is contained in Appendices II and III, and it is sufficient at this stage to underline the principles. It insures the citizen against the economic effects of natural misfortunes, such as invalidity, orphanhood, blindness, widowhood, and unemployment, and provides for generous payments to the aged in the form of age benefits, and to the young in the form of family allowances. A national health service on a universal basis and a superannuation scheme without 'means test' are the new features of this great piece of social legislation.

The most interesting legislation of recent years is the Servicemen's Settlement and Land Sales Act, passed in August 1943, just before the September general election. The Act provides for the control of sales and leases of land in order to facilitate the settlement of ex-service men, and is also designed to prevent undue increases in the prices of land, undue aggregation of land, and the use of land for speculative or uneconomic purposes. The 'basic value' of land is the limit of the consideration allowed in any transfer of land. The 'basic value' is defined as the productive value increased or reduced by such amount as the local land sales committees established under the Act deem necessary to make it a fair value: the 'productive value' is arrived at by capitalizing at  $4\frac{1}{2}$  per cent the net annual revenue derivable from the land by an average efficient farmer.

The Labour Party in New Zealand is a political movement. It is composed of men and women drawn from all walks of life, from all occupations and social strata. They have one thing in common, a philosophy that is derived from certain basic political

principles. This philosophy, these principles, can be very simply stated:

That the first charge on a nation's wealth should be the care of the old because they have worked in their earlier and fruitful years to make it possible for us to enjoy the standards we enjoy to-day, of the young because unless we care for them the future will not be provided for, of the ailing because they cannot care for themselves;

That after making this provision those who render useful services are entitled to the full fruits of their labour;

That our resources must be so organized as to ensure the maximum production of useful goods and services and these should be available to those who, if able, render useful service so that all may enjoy good standards of life, with security and leisure;

That it will take collective planning both to make the best of our resources and to ensure that human needs are satisfied to the utmost.

These are the simple objectives towards the realization of which the efforts of the New Zealand Government have been directed during its seven years of office. The story of its achievements during these seven historic years is fascinating indeed.

New Zealand has become a young and enterprising democracy advanced in social legislation, in labour laws, and in economic policies designed to give the fullest possible freedom under a collective and co-operative organization for production and distribution.

The planned and regulated development of the dominion's resources that has taken place throughout her brief but crowded history has enabled the mass of the people to enjoy to-day the freedom that comes with a standard of living which compares more than favourably with that enjoyed by the people of any other country.

A New Zealand worker enjoys full employment at standard rates of wages. He is guaranteed security against the hazards of ill health, old age, and invalidity. His children enjoy equal educational opportunities, from the kindergarten to the university. He and his family can have a home and a home life with all that those terms imply. The good conditions he has won for himself, in the factory, on the farm, in the shops, offices, transport services, are backed by a Government which has introduced and is pledged to extend the legislation that has brought these guarantees.

Trade unions in New Zealand are recognized to-day by all but a very small reactionary minority as essential for the orderly functioning of government and industry.

In recognition of this fact the closed shop since 1936 has been given legal sanction. Membership in a trade union is compulsory for workers employed in any industry subject to an award registered with the arbitration court. New Zealand workers have won for themselves many privileges. But privileges carry with them responsibilities and New Zealand is, perhaps, fortunate in that its labour organizations, with some minor qualifications, have faced up fairly and squarely to these responsibilities.

For many years before 1939, when the demands of war superseded all other objectives, our efforts in New Zealand were consistently directed towards raising the standard of living of the people generally, towards the promotion of a healthier and happier community. It was the consistent policy of the Government to ensure maintenance of the home and family life, and to free mothers of families from some of the difficulties and the fears they have experienced in the past through inadequate income.

New Zealand has, therefore, built a social security scheme which, in point of scope and liberality, is probably without parallel in any other country. The idea behind this social security scheme is that, in so far as a person is unable to care for himself or herself, the community accepts responsibility. This is the foundation principle of the Social Security Act which was passed in September 1938. It was to this plan Sir William Beveridge referred in his report to the United Kingdom Government on social security.

Although the social security provisions represented a tremendous advance on previous legislation, they are by no means a recent innovation for New Zealand. Old age pensions, for example, had been in force for over forty years—since 1898—New Zealand being the first country in the world to introduce them.

The scope of social legislation was steadily widened over the years with the introduction of widows' pensions in 1911, family allowances in 1926, unemployment benefits in 1931, and invalidity pensions in 1936. During these years certain health and hospital facilities, infant and maternal welfare services, school dental treatment of limited nature were among the many public activities



which gave New Zealand its reputation as a young and vigorous democracy. The Social Security Act was, therefore, in part a consolidation and extension of previous measures, and in part new provisions for contingencies and misfortunes which had never previously been covered.

The Act can be considered under two general headings. First, the provision of superannuation and other monetary benefits to safeguard the people of New Zealand against disability arising from old age, invalidity, widowhood, orphanhood, unemployment, sickness, and occupational disease. Second, a system of medical, hospital, maternity, and other benefits aimed at safeguarding and improving the nation's health.

One of the primary objects was to do away with the stigma of charity which had formerly been associated with old age pensions and other types of pensions. To this end, the principle of universality has been widely adopted. All the health benefits, for example, are available to everybody without discrimination. There is no 'means test' of any kind. The same principle is recognized in the case of universal superannuation—a payment for which every person qualifies at sixty-five years of age without income or property restrictions. This universal payment is being introduced gradually over a period of years until it reaches a maximum rate of £1 12s. 6d. per week, when it will supplant the more immediately important age benefit. This latter benefit is payable now to every person sixty years of age at the full rate of £1 12s. 6d. per week subject to income and property qualifications. A person may receive income from other sources up to one pound per week without affecting the maximum benefit. An applicant may own his own home, and have an interest in a mortgage, annuity, or life insurance policy and possess, in addition, up to £500 in cash or in any other form of security without affecting the benefit. The benefit is payable to the husband and wife, each in his own right, although in such cases their joint income from other sources must conform to the pound a week limit. Additional allowances amounting to 10s. 6d. per week are paid in respect of each dependent child under the age of sixteen years, and they are continued, provided the child remains at school, up to eighteen years of age.

The provisions made by way of benefits and allowances for invalids

and widows are on a similar scale, whilst those payable to persons either male or female who are temporarily incapacitated by sickness or who may be unemployed are on a scale just a little less generous.

Another benefit that is perhaps as helpful as any is the payment of 7s. 6d. per week made to the mother of every dependent child under sixteen years, or up to eighteen years of age if the child is still at school, in cases where the income of the family does not exceed £5 5s. per week. This ensures an additional income of 7s. 6d., making a total of £5 12s. 6d. with one child, plus 7s. 6d. for each additional child. In cases where the initial income exceeds £5 5s. a payment is made of the sum necessary to bring the total income including benefit for one child to £5 12s. 6d., plus 7s. 6d. for each additional child. This provision has gone a long way towards easing the difficulties that so often confront mothers of large families where the earnings of the breadwinner do not keep pace with the increasing household expenses that have to be met. It has removed the strain and anxiety so often in the minds of mothers when another child is coming and the family income is low. Generous family allowances must, I believe, play a major part in any social security scheme that is to bring the maximum results in terms of human happiness and welfare.

One further type of monetary benefit which we now have in New Zealand and which represents an entirely new principle is the emergency benefit. This provision enables financial assistance to be given to any person, male or female, young or old, who is in need of help but who, for one reason or another, is not able to qualify under any of the other provisions of the Act.

Although well advanced in certain phases of social security legislation, New Zealand until 1938 did not have a national health insurance scheme comparable to those operating in some other countries. To-day, however, the dominion has not merely caught up in this respect but has gone very much further in the direction of providing comprehensive and adequate health and hospital services for everybody.

All maternity attention in public hospitals is free and a grant is made in all cases where the patient desires attention in a private hospital. The doctor is paid by the Government for attention

given to all mothers. When the mother does not go into a maternity hospital a nurse is provided free for fourteen days just before childbirth and for a period after the child has been delivered. All medicines on the pharmaceutical list prescribed by a doctor are free. Maintenance and care in all public hospitals are entirely free. If a person desires to go to a private hospital a payment of 9s. per day is made to the owner of the private hospital, the patient then paying any charge above this rate. Under the panel system for medical care a citizen nominates the doctor he desires. The doctor then forwards to the social security authorities a list of the patients accepted by him. For these patients he receives a capitation fee of 15s. per annum from the State in full satisfaction for attendance, plus mileage fees. An alternative system provides for payment on a service basis of a fee of 7s. 6d. for each occasion on which service is provided. This fee is increased to 12s. 6d. if services are provided at night or on Sundays, the doctor claiming the amount he is entitled to get under the Social Security Act from the State. A doctor may claim, if he so prefers, a direct payment from the patient, in which case the patient in turn can recover the amount of the approved fee from the State. This leaves it open for the patient to pay more for services if he wishes, but the doctor has no legal claim beyond the fees mentioned.

The New Zealand Social Security Scheme has aimed throughout at making these services and benefits a collective obligation on society and not on charity. The cost is financed by a special social security charge of five per cent on all salaries, wages, and other income, including the income of companies. The revenue is put into the Social Security Fund. Benefits themselves, together with military pay and allowances and certain income of persons under the age of sixteen years, are the only classes of income exempt from the payment of the social security charge.

The charge is deducted at its source in the case of income derived from wages and salaries and in other cases is paid quarterly on the basis of an annual declaration of income. Into the Social Security Fund there is also paid each year a subsidy from general taxation revenue sufficient to meet the fund's annual requirements beyond the revenue from the social security charge. For the financial year (1943-4) social security expenditure is expected to reach

£17,500,000, towards which sum social security taxation will yield £11,500,000.

The total annual expenditure on all activities that may be classed as social services amounts to approximately £26,500,000. This is, on any comparative basis, a large sum for a country with a population less than one and three-quarter millions. We believe in New Zealand, however, that apart from all other considerations it pays a nation to develop a healthy, happy, and well-educated people. This is what New Zealand set out to accomplish. It was what she has accomplished to a remarkable degree. The contribution of her men and women in this war bears testimony to this.

Other social services include milk and apples, distributed free of charge to school children, who also receive free dental treatment in special clinics. The Plunkett plan, for infant and maternal welfare, has brought for many years the lowest infant mortality rate of any country in the world. The effect of New Zealand's good standard of living and social services is similarly reflected in mortality rates which to-day are the lowest in the world.

There are no great extremes of wealth and poverty in New Zealand. Less than one per cent of income tax payers have incomes of £2,000 or more per annum; whilst the average income is sufficient to ensure a good living standard for all.

New Zealanders have learnt in this war the amazing productive possibilities of the country. It will be useless to persuade them that goods enough for everybody cannot be produced in time of peace, although a difficult process of readjustment may be called for on conclusion of hostilities. It is not a financial world that we are living in to-day. The guns and tanks, the aeroplanes and ships, all the essentials of war are pouring forth from our factories and our workshops because we have decided and agreed that it is imperative to have these things. The only criterion is whether we have the physical means of producing them, not whether their production will yield a profit; and the speed with which results have been achieved and the magnitude of those results have astonished us.

Why should not the same considerations apply when we pass from the military effort to the no less challenging and imperative demands of peaceful reconstruction? If a sufficient number of

people—above all, if the scientists, technicians, engineers, administrators, and industrial executives, who are actually accomplishing to-day things which yesterday we thought to be impossible—if these people will only say it can be done, then I am satisfied it will be done. Peace, just as much as war, can be crowded with heroic and exciting achievement, provided only we approach it with an adventurous spirit, with imagination, and with practical objectives that have meaning and purpose and promise for the common people the world over. Let us not make the mistake of setting our aims too high. Let us set them modestly for a start and travel towards them resolutely with our feet firmly on the ground.

## II. NEW ZEALAND AT WAR

### CHAPTER III

#### NEW ZEALAND VERSUS FASCISM

IN a world in which Nazi or Fascist ideas were to prevail there would be no room for a nation like New Zealand. Nothing is more certain than that. Had the Axis succeeded or were it still to succeed in spreading its grip over the whole world, it would be compelled to seek out and destroy the social democracy of New Zealand, small and far removed though that country may seem to be. This would happen not only because the way of life of the New Zealand people is fundamentally opposed to the Nazi attitude, but also—and this is even more important—because they have shown themselves ready and willing to play an active part in fighting those who threaten the ideas and the institutions by which they set such store.

The Nazis or Fascists would have to destroy the dominion's present order and present method of government because New Zealanders for their part are prepared to make their contribution and do anything they can to destroy the concepts and the methods of the Axis. Since the first days of this war New Zealand forces have been sent overseas to meet the enemy wherever possible. 'Seek out your enemy and destroy him' is a maxim of warfare which New Zealand has sought continuously to apply. That is why, for instance, New Zealand airmen and sailors are operating to-day in the battle zones of the South Pacific side by side with men of the United States Navy, and why the New Zealand division was in the forefront of the Eighth Army in Tunisia.

New Zealand entered this war of her own free will. She entered it basically for reasons of self-preservation but in the firm belief which she had repeatedly affirmed, that the rights of small nations, no less than the rights of big nations, must be respected and that such respect can only be found inside some form of collective security which imposes on small nations equally with large an obligation to stand up for their own ideas and their own civilization instead of bowing before powers with 'Might is Right' philosophies. It was and is believed, therefore, that small nations

like New Zealand have an important role to play in this war and that by their free and unquestioning acceptance of that role they can make a useful contribution to a civilization built on freedom and security. New Zealand was not merely on the defensive when she went to war in 1939; she was on the offensive. Her people wanted to contribute what they could towards the crushing of the Nazi power which seemed to them the main stumbling-block in the path towards the establishment of some form of peaceful and progressive world organization.

In the same spirit we realize in New Zealand that when the Axis power is crushed the job is still only half done, that in the conference rooms and the meetings which will follow the war strenuous efforts will still be needed to secure the type of settlement and of future world organization that will remove if possible altogether, or at least for a long, long time to come, any possibility of the kind of blood-bath that we have already suffered twice within one generation. And we are clear in our own minds as to the lines on which we should proceed to secure this type of organization. Those lines are laid down in the Atlantic Charter and the Four Freedoms.

If any one asks what New Zealand's war aims are, this is the actual evidence to which we point. Our war aims are clear. We intend to strive for the application of the principles of the Atlantic Charter and the Four Freedoms throughout the world. We have accepted the Atlantic Charter unreservedly and we intend to do something more than just accept it. We intend to do our utmost within the capacity of a small nation to see that it becomes not merely a table of men's hopes, but a real scheme of action to be carried through with firm and confident resolve. We have made great efforts as a nation in this war, and to ensure that the struggle this time will not have been in vain equally great efforts will be made in the days after the war to secure the progressive realization of our aims.

This attitude of ours is not something that has been thought out since the war began or adopted hurriedly as war approached. For at least seven years now the New Zealand Government has stood consistently for a policy of realistic collective security and for a solid world order which makes full allowance for peaceful change. In 1936, for instance, after sanctions had been half-heartedly applied

and as a result had been too feeble to halt the Italians in Abyssinia, the secretary-general of the League of Nations asked the members of the League for their views about its future organization. New Zealand replied in a memorandum which has been the corner stone of her foreign policy ever since. The Government declared that what it believed to be necessary was an organization of united nations with real powers to enforce its decisions and with real machinery for examining questions fully as they came up. It wanted above all an organization with strength. It wants that now. It declared that, in essence, there was nothing wrong with the idea of the nations of the world joining together to ensure collective security, but there were certain weaknesses in the League machinery and procedure, and that such machinery and procedure as existed were not being applied with full vigour. It was suggested that the decisions of the League should be carried out by force if necessary. What was lacking, in the opinion of the New Zealand Government, was the will to make the organization work, the will to face up to the necessity of enforcing not only economic but military penalties against countries determined to break the peace. That was New Zealand's policy then and it is basically her policy to-day.

The New Zealand Government uncompromisingly adhered to this attitude throughout those stormy years before the war. New Zealand called for League action in support of China. New Zealand urged the League to take up the case of Republican Spain. New Zealand banned the shipment of scrap iron to Japan as far back as 1936. The policy of appeasement as it was pursued during those years both in Europe and in the Far East was vigorously opposed. It was urged that foreign policy ought to be based on principles and not on expediency and New Zealand's independent views to this effect were freely and frankly expressed. But with the successive failures of the nations to live up to the principles of the League system, it was recognized, particularly after Munich, that war was inevitable and defence preparations were speeded up accordingly. It is against this background, then, that New Zealand's war effort must be considered.

There may have been some people in 1936, or even later, who shrugged their shoulders and said that after all New Zealand was



only a small country and it was all very well for her to advocate the use of force to back up the rulings of the League or of any other international body charged with the maintenance of peace, that her contribution to such a struggle would be a necessarily limited one, and that she could well afford therefore from her distant position to urge extreme measures and to advocate extreme policies the risks of which would be borne more heavily by others.

Yet her record since 1939 shows a very different state of affairs. New Zealand can claim, I believe, to have played a part in this war in full proportion to her size or strategic position. Look for a moment at some of the decisive battles of the war and the part New Zealand has played in them. In the battle of Narvik in June 1940, when a British naval squadron went in and smashed up a German naval task force in Narvik Fiord, the attack had been made possible by reconnaissance carried out by a Wellington bomber from No. 75 Bomber Squadron, an entirely New Zealand force serving with the R.A.F. In France in 1940 the first ace of the R.A.F. in this war, 'Cobber' Kain, who was credited with shooting down twenty-eight Nazi planes, was a New Zealander. In the Battle of Britain, New Zealanders served in the ranks of the R.A.F.; the commander of the R.A.F. fighter group whose task was to block the main route of the Luftwaffe towards London was a New Zealander, Air Vice-Marshal Park. The first Victoria Cross to be awarded to a member of the R.N.Z.A.F. was won by Sergeant-Pilot J. A. Ward in 1941, for his courage in crawling out on the wing of a bomber 13,000 feet above the North Sea to put out a petrol blaze. Another New Zealander, Air Vice-Marshal Coningham, commanded the Royal Air Force attached to the Eighth Army; another, Wing Commander Isherwood, was in charge of the first R.A.F. forces sent to aid the Russians on the eastern front.

Let me add one word, in parenthesis. It is in no way suggested that the British have called on New Zealand to go to their assistance. Every New Zealander who has served with the British forces in the campaigns of this war, whether in the British Isles or in the Middle East or elsewhere, is filled with admiration for the fighting spirit and ability of the British troops, and for the degree of sacrifice which they have taken on themselves.

The forces New Zealand has sent overseas would never have been able to reach their destination if Britain's Royal Navy had not escorted them there. In many of the battles in which New Zealand soldiers have fought they have had British tanks with British tank crews and British gunners fighting alongside them and British airmen flying overhead. In the land fighting in the Middle East, for instance, the New Zealand division with the Australians and British covered the retreat in Greece. The New Zealand division took the brunt of the fighting at Maleme aerodrome in Crete, cut their way through to Tobruk in 1941, and in the summer of 1942 played a leading role in the defence of Egypt, in the subsequent defeat of Rommel at El Alamein, and in the brilliantly executed outflanking of the Mareth Line.

A similar effort has been made inside New Zealand. Every fit man up to the age of forty-five has been called up for the army, navy, or air force or drafted into essential industry. As a result, one man out of every two of military age is in the armed forces or has been trained and is in reserve. Those who are not in the full-time forces are called upon to serve, if they are between the ages of sixteen and sixty-six, in the Home Guard or in some compulsory air-raid protection or other civil defence unit. At the same time, a very great volume of production has been maintained, and in many cases increased. Women aged eighteen to forty, except those with children to care for, must also register. Though New Zealand had no arms industry before the war, small but efficient factories have been built up and small arms and munitions, grenades, mortar bombs, certain types of fuses, carriers, light armoured cars, and other items of equipment are now being produced for export.

These results have not been achieved without very great effort on the part of all sections of the population. On the farms, for instance, the voluntary war work carried out by wives and daughters and sisters of those farmers who have been called up for armed service, has helped to make possible the dominion's tremendous output of foodstuffs and materials. Aerodromes, camps, and hospitals have been constructed for the United States forces operating in the South Pacific area. Under reverse lend-lease great quantities of food and other supplies have been made available to

the Americans. The people of New Zealand welcomed these forces. They have done their best to make them as comfortable as possible. They were glad the Americans were in New Zealand, not because of the additional protection against attack but because their presence in the South Pacific represented a chance of offensive action against the Japanese.

We realize in New Zealand that at the present moment a great part of the United Nations' striking power must be concentrated against the Germans. Our own expeditionary force in North Africa contributed to that striking power. We do not want this weakened in any way that can be avoided, but we do urge that at the same time a maximum effort be made against the Japanese also and that the minute the Germans are defeated the combined striking power of the Allies should be concentrated without delay in the Pacific. To us the struggle against Japan is just as vital and important as any struggle against the Nazis. We ask, therefore, that from the moment the main front shifts to the Pacific it should be prosecuted with the utmost possible vigour and not as an action which can be taken slowly, on the assumption that, in the long run, we shall inevitably bring about Japan's collapse. We want to see a blitz against Japan that will knock her out of the war the moment such a blitz becomes a strategic possibility, and we want to play our full part in that blitz.

There is a very prevalent idea that Japan will be a simple problem to dispose of once Hitler has been crushed in Europe. That idea, I believe, is based on a serious underestimation of the Japanese strength and, above all, on a complete misunderstanding of the Japanese character. All the evidence suggests, to the contrary, that Japan will fight to the bitter end, that she will be an even more determined foe when her cause is an utterly hopeless one than she has proved to be when everything was going in her favour. Let us not delude ourselves that the Japanese are any less skilful, less resolute, any less confident fighters than ourselves. If the lessons of the war have taught us anything at all, at least we should no longer be under any illusion as to the calibre, let alone the unscrupulousness, of the adversary we are up against in the Pacific.

New Zealand has all the time regarded Japan not as a potential

but as an actual aggressor. Whilst the manner in which the war in the Pacific has developed has been as unexpected to us as to everybody else, we have, nevertheless, felt all along that the danger from the north was an infinitely greater danger than was currently believed—at least until the fall of Singapore. Our whole war policy and particularly our home defence strategy has been based on the assumption of New Zealand's being one of the possible major objectives of any determined Japanese drive to the south. We had no intention of allowing ourselves to become a victim if there was anything we could possibly do about it, and we certainly intended and intend, if the occasion should ever arise, to make the Japanese pay heavily for any foothold they may attempt to obtain in our country.

New Zealand is wide awake; her people are single-minded in their determination to see this business through successfully; they are doing all that a young nation can do. Although for many months after December 1941 New Zealand's situation was grave indeed, it may safely be said that as a result of Allied successes in the Solomons and New Guinea, and as a result, too, of the expansion of the dominion's armed forces and the supplies of war materials and equipment which have since been built up, any serious threat to her own security has virtually passed away. This has been achieved without diminishing New Zealand's overseas commitments, including the production of foodstuffs and raw materials for the United Kingdom and for the New Zealand division in the Middle East—without diminishing New Zealand's share in supplying the demands of the Eastern Group Supply Council, without impairing her ability to maintain the strength of the New Zealand forces in vital overseas theatres, without interfering with her substantial contribution under the empire air training scheme, without hindering her already considerable and rapidly growing lend-lease aid to the United States forces in the South Pacific.

As each day passes so the conviction is reinforced that New Zealand's military preparedness will be a factor in withstanding any challenge that might come to the survival of freedom and democracy in that quarter of the globe. And though we, as New Zealanders, would naturally lose most if democracy were destroyed in our country, the loss would be shared by others, because our common

problem, our common responsibility, and our common effort is not only one of defending our own territories, but one which must embrace the fortunes and security of *all* the United Nations. The interests which New Zealand has at stake in this war, in common with other United Nations, are so closely interwoven as to render unrealistic any attempt to think and act and plan in terms of individual countries and individual contributions without reference to their strategic unity.

As compared with the last war the local, regional, and overseas responsibilities which New Zealand with Australia must jointly shoulder are vastly greater. They must not only prepare their defences against aggression but must also be ready to play an active role, in conjunction with whatever forces the United States and Britain can make available, in the protection of adjacent British, colonial, and allied territories in the South Seas.

To both New Zealand and Australia, the keeping open of sea communications is of vital concern. To be secure against invasion and against blockade, against attacks on shipping which would sever the all-important supply lines with Britain, the Middle East, and the United States, a strong naval force and a strong air force are essential. These forces must be disposed as strategy demands if they are to prove an effective shield.

As long as Singapore held, New Zealand and Australian shores were relatively secure against invasion; the long sea lines of communication so vital to the security and economic existence of both dominions were relatively well protected; British ships could carry food, war materials, and reinforcements to the theatres of war across the Indian Ocean.

The extraordinary speed and success with which Japan's far-flung offensive got under way during those anxious months that followed Pearl Harbour completely transformed, however, the pattern of New Zealand and Australian affairs. In the political and military sphere both peoples had to adjust themselves to the fact that their countries were for the first time in the front line of battle. And for the first time in history, as far as the Pacific Ocean is concerned, New Zealand, in addition to the protection of the British Navy, came under the friendly wing of the United States.

In the Pacific, as in the Russian and Mediterranean theatres,

events of the latter part of 1942 and early 1943 brought about a considerable lessening of the tension and strain that existed throughout the early period of the war. With the more favourable turn of the tide the United Nations could at least look towards 1944 with a restrained but, nevertheless, merited optimism. That does not mean the end is yet in sight, although it may well be immeasurably nearer than was the case a short while ago. No one can safely prophesy when the war will be finished. On the contrary the road ahead will be a fairly long and certainly a very hard one before our goal is reached. I believe that this is especially so for those of us whose major interests are centred in the Pacific.

Life is difficult in New Zealand at present. There is little space for consumers' goods in the ships that go down there. We need what space there is for war materials to equip our forces for the offensive against the Japanese and we know that much of that space is needed for transporting American troops and equipment to the South Seas. But we can say that this sacrifice is falling evenly. We have a system of rigid price control. We ration a number of essential items. We are keeping our system of social services in full operation, including our Social Security Scheme. We are rehabilitating those men who are invalided out of the armed forces or who return from active service unfit for further fighting duty. We are preparing schemes to rehabilitate the remainder of the service men when the time comes. We have met half the cost of the war out of taxation. We have taxed war profits and large incomes to the point at which it may be said that wealth as well as man power has been mobilized.

It is not desired to stress unduly the magnitude of New Zealand's effort, however much justification there may seem to be for modest pride in the dominion's record and achievements. It is not intended to convey the impression that the sacrifices which the New Zealand people are making, or that their unity of purpose and their will to win, are any greater than the sacrifice, the unity, and the resolve of every other United Nation. Nor is it desired, in telling the story of her achievements, to suggest that New Zealand's effort has necessarily reached its maximum proportion or effectiveness. On the contrary, I believe that further sacrifices can and will have to be made as the war proceeds; further casualties among New

Zealand's soldiers, sailors, and airmen will be suffered; further shortages, restrictions, and privations will be experienced by the civilian populace; further heavy tax demands will be imposed.

Yet it is correct to say that since December 1941 the dominion's objective has been a total war effort: that to-day, in New Zealand, the war has first call on every man and every woman, on every pound and every penny—every form of activity. Only in so far as this call is met in its entirety are other claims admitted. It is correct to say, too, that New Zealand in this second world war provides, to a very great degree, proof that a democracy can wage war as vigorously and effectively as any totalitarian country—provided certain essential conditions are fulfilled. These conditions I would define as a belief on the part of the people that the war is necessary and worth while, and a firm resolution on the part of the Government to wage the war with the maximum of vigour and efficiency regardless of cost to people or property.

We have made an all-in effort in the fighting to bring about what we urged before the war and are urging during the war and what we will urge after the war—a settlement which will bring order, justice, and peace to every nation. We look for a better world and are willing to make the sacrifices that are necessary so that those who do the fighting and the working may experience the joys of freedom and security as some small compensation for the hardships and hazards they are experiencing to-day.

For any democratic country, the change over from a peace to a war basis is necessarily a slow and painful transition. We of the democracies have had a great lag to make up compared with our enemies. All of us entered the war inadequately prepared against Germany, Italy, and Japan, whose aim was war, preparation for war, and terrorization by the threat of war, and who for years had been organizing for this struggle. Only after Dunkirk did the British Commonwealth get fully into its stride. Only after Pearl Harbour did the United States marshal her resources completely. Only after Greece and Crete did New Zealand shed her last traces of complacency. I am confident, however, that if one and all we now devote to the immediate task our undivided effort, using our combined resources wisely and to the best advantage, we shall surely win through.

## CHAPTER IV

### AT WAR

IMMEDIATELY after the declaration of war the Government and the people set their faces towards a job for which few had any relish, but which almost all accepted as inescapable: mobilizing the resources and man power of the country for what was foreseen as a long and desperate struggle against a powerful foe.

The outbreak of war in Europe did not find New Zealand unprepared. In fact, more had been accomplished during the preceding three years, in building up the dominion's internal security, than in any other corresponding period in her history. This was reflected, for example, in the rapidly growing defence appropriations from 1935 onwards. Thus for the year ending 31st March 1935 expenditure on defence amount to 12s. 11d. per head of the population. Five years later it had risen to £5 5s. 3d. per head. This, of course, was before the full impact of war had begun to sky-rocket expenditure to levels never previously dreamed of in New Zealand. In 1942-3 it amounted to £87 12s. 3d. per head and was still rising.

As a result of successive expansion programmes an efficient air defence scheme was rapidly perfected. Thus involved the construction of large numbers of aerodromes and landing grounds, the building and equipping of operational stations, training schools, repair bases, and stores depots, the recruiting and training of personnel, and the purchase of planes and equipment. During these pre-war years, too, coastal defences were strengthened, territorial forces expanded, the National Military Reserve organized, the construction of mobilization camps begun, and steps taken to procure supplies of full-scale modern fighting equipment. The stationing of new and larger cruisers in New Zealand waters, the extension and development of the naval base at Auckland, the provision of additional naval training facilities, the reorganization of both Army and Naval Boards with the simultaneous creation of a defence council were further measures which contributed to New Zealand's war preparedness.



Many months before war finally broke out, elaborate and detailed plans had been drawn up to meet precisely this emergency. These preparations had been entrusted to a secretariat called the 'Organization for National Security,' working in collaboration with the Cabinet, the heads of government departments, and the defence services. From the outset, therefore, war policy was carefully planned and clearly visualized.

As early as April 1939, a month after Hitler's entry into Prague had made it clear that war was inevitable, New Zealand was instrumental in arranging a Pacific Defence Conference between representatives of the United Kingdom, Australia, and New Zealand, who met at Wellington and there came to important decisions in anticipation of early trouble with Japan. One of the main objects of the conference was to plan the defence of outlying islands in the Pacific which might otherwise be used by the Japanese as stepping stones for the invasion of Australia and New Zealand. In accordance with the recommendations of this conference certain points throughout the South Pacific area were garrisoned by New Zealand even prior to September 1939, while with the increasing threat of Japanese aggression larger and better-equipped forces were stationed on strategic islands. Responsibility for the defence of Fiji, a British colonial dependency and the most important of the island groups to its north, was taken over by New Zealand. The troops sent to Fiji set to work building fortifications, camps, and airfields, with the result that when American forces arrived there during 1942 to strengthen the island garrisons, New Zealand was able to hand over to them powerful defence installations. Certain reconnaissance zones were also laid out. In some of these New Zealand undertook to maintain patrols of aircraft and ships, watching for possible Japanese activity or for German or Italian raiders. Among other areas for the defence of which New Zealand made provision were Western Samoa and Tonga. The United States, of course, also had a vital stake in the Samoan group, where the American base at Pago Pago is one of the more important naval harbours in the Pacific area.

In 1940, when France collapsed and the French possessions in the Pacific, including New Caledonia and the islands of the Tahiti group, were cut off from their sources of military equipment

and supplies, the responsibility of looking after Tahiti and for assisting in the supply of other areas also passed to New Zealand.

Within six hours of the declaration of war on 3rd September 1939 coastal defences were manned and naval and air force units immediately took up action stations. The statement made by the then Prime Minister, the late Right Hon. M. J. Savage, on 6th September, that 'Where Britain goes we go, where she stands we stand,' accurately reflected the spirit and the temper of the people. In keeping with this spirit the initial reaction of the Government was to offer New Zealand's unqualified support to the United Kingdom and to indicate the dominion's readiness to undertake any commitment, by way of both man power and supplies, within its capacity to meet. Territorial forces were mobilized and steps taken to bring them up to full war strength, whilst a vigorous recruiting campaign was immediately launched for both home and overseas service. Regulations designed to give the Government extensive emergency powers were promptly framed. Additional measures were drawn up with a view to conserving the economic resources of the country for war needs and preventing the diversion of resources to non-essential activity. Controllers, who were mainly drawn from the civil service, and whose appointment had already been arranged, were placed in charge of all activities relating to factories, munitions, building, food, sugar, fuel, electricity, wheat and flour, medical supplies, mining, and timber. Control over metals was delegated to a newly created Ministry of Supply, whose responsibility it was to arrange for the equipment and the materials necessary for the prosecution of the war effort and for securing the most efficient possible collaboration between New Zealand and other Allies in connection with common supply problems; steps were taken to accelerate still further the expansion of the dominion's light industries through the importation of raw materials rather than finished products, a process that had already received considerable encouragement as a feature of New Zealand's long-term economic policy.

The marked impetus given to domestic manufacturing development with the adoption of an 'import selection' procedure in December 1938 meant that when war deprived the dominion of many articles formerly available from overseas sources, New

Zealand industry was able rapidly to fill the gap. It meant, too, that the conversion of peacetime industry to war purposes and the building of new plants for the production of intricate equipment, the manufacture of which had never before been attempted, was carried out with considerably less delay and dislocation than would otherwise most certainly have occurred. Industry in any predominantly private enterprise economy necessarily takes time to adjust itself to the rigorous controls which the demands of total war make imperative. In New Zealand's case, however, those major adjustments made necessary elsewhere by the sudden clamping down of drastic controls over imports, exports, and foreign exchange transactions, in particular, had already been secured. The war called merely for a change in emphasis and not for any extensive modification of existing procedure.

In other respects, too, New Zealand was fortunate in that many of the controls, which had to be quickly improvised in other countries, had been operating for some time past. For example, since 1936, the Government, through a marketing department, had been responsible for the purchase, shipment, and disposal overseas of New Zealand's entire export of dairy produce, representing in value two-fifths of the total exports of the dominion. When war conditions made it essential to arrange for bulk purchase and export by the Government of meat and wool, it was a relatively simple matter to extend the machinery already functioning smoothly with respect to dairy produce.

Again, the machinery which had been created some years earlier for the purpose of zoning and rationalizing transport services stood New Zealand in good stead when war exigencies rendered such zoning more than ever necessary. The same considerations applied to the controls which the Government already possessed prior to 1939 over the currency and credit structure of the country, to the measures which had already been adopted for controlling prices, to the industrial efficiency legislation, and to the machinery provided through the Internal Marketing Department for the distribution within New Zealand of certain essential foodstuffs, both locally produced and imported. The fact that this comprehensive machinery of control was already in existence enabled the transition from peacetime to wartime conditions to be carried out

expeditiously and with comparatively little disturbance to industry, trade, and civilian life.

Another pre-war measure which had the effect of adding enormously to New Zealand's war potential and preparedness was the launching of a large-scale and fully mechanized public works programme in 1936. Many of the developmental projects undertaken during the next three or four years, such as aerodrome construction, hydro - electric development, highway improvement, additions to railway rolling stock, and housing construction, all stood New Zealand in good stead when war came. The plant and machinery secured for this programme, moreover, proved of inestimable value for defence construction purposes. Without it the defence programme carried out since 1940 would never have been possible.

New Zealand was in the fortunate position also of having had plans carefully drawn up and a working organization completed for an emergency precautions scheme, the framework of which had originally been created with a view to meeting emergencies such as the great Napier earthquake of 1931, and which, with the co-operation of local authorities, could be immediately expanded and adapted on the outbreak of war to cover civilian defence requirements.

The outbreak of war, moreover, found New Zealand's economy in a fairly healthy condition in spite of the fact that during the preceding twelve months three serious financial crises had been encountered, commencing with the run on sterling funds in the latter half of 1938, when some ten to fifteen million pounds had been sent out of the country. Simultaneously with this flight of capital there was a raid on the Post Office Savings Bank, where, during the general election campaign, withdrawals in one month alone exceeded deposits by £1,500,000.

The situation confronting the Government as a result of these financial emergencies was difficult enough but was rendered infinitely more difficult by the fact that a loan of £17,000,000 sterling was due to mature in London in January 1940, and early arrangements had to be made for its repayment or renewal.

By August 1939 New Zealand's sterling funds stood at £8,900,000, a slight recovery from the lowest level of £6,800,000

reached in December 1938. As a result, however, of rigorously enforced exchange and import restrictions, the situation when war was declared was firmly under control and steadily improving. By August 1939 the run on the Post Office Savings Bank had been arrested and, apart from a minor scare following the outbreak of war, an increasing excess of deposits over withdrawals had set in by January 1940. In the meantime arrangements had been made for the conversion and repayment of the maturing loan in spite of the extremely unfavourable circumstances then prevailing. With the exception of overseas funds the finances of the dominion were in a comparatively healthy state on the eve of war. More spending power was available either for consumption or for lending than had been the case a year earlier, and the banking system as a whole was in a much better position to expand its advances. Business, too, was in a highly liquid condition. Wages, salaries, and production showed a marked upward tendency, building activity was at a record level, and Government revenue and expenditure were being kept well within estimates. There was thus ample scope for meeting the initial demands of war without inflicting undue hardship or disturbance beyond the capacity of trade and industry to withstand.

From the outset political issues associated with both war and domestic policy continued to be vigorously and even vehemently debated in Parliament, in the press, and among the people. Elements traditionally hostile to the administration demanded the formation of a National Coalition Government, the introduction of conscription, the abolition of the forty-hour week, and a drastic reduction of non-war expenditure which meant, in effect, a curtailment of social services. Towards the first of these issues the Government took the view that they were granted an unassailable mandate by the people to govern, that less than a year before war broke out the electors had expressed, in a decisive manner, their approval of the domestic policies to which the Government was committed, and that, as far as was consistent with the dominion's military obligations, these policies and the normal democratic processes of government should be maintained. It was asserted, too, that in so far as the members of the Opposition were ready and willing to lend their full co-operation in the war effort, whilst

retaining their rights and obligations as an Opposition, full scope and opportunity for so doing would be offered to them. On the issue of conscription, the Labour movement had been historically opposed to the principle of compulsion for overseas service. The Government, therefore, at first strenuously resisted organized pressure for conscription, pointing out that the needs of the armed forces were being more than adequately met through the voluntary method and that, in the meantime at least, this method should be given a fair trial. Criticism of the Government's failure to repeal the forty-hour week was viewed as being inspired by political motives rather than by a genuine desire to promote a more intensive war effort. The Government's answer to such critics was that hours would be extended wherever and whenever necessary in the interests of the war effort, but that a mere blanket extension of hours would not of itself bring about good results and might indeed have the very opposite effect.

On the question of curtailing social services the Government was adamant and made it clear that such services would be maintained to the fullest extent exigencies of war would permit and that whilst it was committed to waging an all-in war, there was no intention of sacrificing needlessly in the struggle the very achievements which had made New Zealand a country so worth fighting for and working for.

On the basic issue of making New Zealand's war effort a total effort, however, there was almost complete unanimity. This extended through all political parties and economic interests with the exception of a very small, although occasionally somewhat vociferous, pacifist element and (until June 1941) of a minority of so-called radicals in the industrial movement, dominated by faithful adherents of the Third International. Freedom of conscience was fully respected, but emergency regulations were enforced strictly to prevent public expression of views calculated to obstruct or impede the war effort.

The first six months saw very substantial progress, although it could not be claimed that during this period the nation was fully awakened to a sense of the magnitude of the demands that it would be called upon to meet.

By the end of 1939 the recruitment of a division and ancillary

troops was well under way, and by the following May more than 40,000 had registered for overseas service, a further 20,000 having been trained or being under training in newly constructed mobilization camps. The Territorial forces had been brought up rapidly from a pre-war 'cadre' basis to a full peace establishment of officers and other ranks, whilst steps had also been taken to provide for its further expansion, as circumstances required, to a full war establishment. The National Military Reserve, comprised of veterans of the last war, had been organized, trained, and assigned to specific home defence duties, including particularly the guarding of vital points and the garrisoning of defended ports.

A National Council of Primary Production with district councils and local production committees had been set up to co-operate with the Government in the task of organizing farming activities on the most efficient basis for war purposes. An Industrial Emergency Council representing both employees and employers had been appointed to advise the Minister of Labour on matters arising from the war emergency. The Ministry of Supply had been established to co-ordinate the activities of various controllers and to ensure an adequate and regular flow of essential war materials. Arrangements had been made for the purchase by the United Kingdom on a contract basis of New Zealand's surplus farm products such as meat, wool, butter, and cheese. The compilation of a national register of man power had been commenced. Strict control had been instituted over prices for the purpose of freezing them at the level ruling on 1st September 1939 and preventing hoarding. Emergency powers had been granted to the Minister of Labour to suspend the provisions of any award or agreement prohibiting or restricting the working of extended hours. Further measures had been adopted to prevent industrial disputes and to improve conditions on the waterfront by the appointment of a commission of three members to control all waterfront operations. In a supplementary budget passed in October 1939 provision had been made for raising additional tax revenue specifically for war purposes and for the establishment of a special war expenses account.

It was not long, however, before the effort and the sacrifices that a total war effort would demand made it clear that, spontaneous

and unstinted although the country's initial response had been, nothing short of a completely all-in policy would be adequate. Legislation modelled on the parallel British act was accordingly passed at the end of May 1940, giving the Government unlimited powers over persons, services, and property in order that the full resources of the nation might be utilized for the purposes of war in whatever way was deemed necessary or expedient. With the concurrence of the industrial and political Labour movement, voluntary recruitment for the army, although there was no lack of recruits coming forward, was abandoned in favour of compulsory universal service on the ground that this would make for greater equality of sacrifice. At the same time it was made clear that the principle of conscription would be applied to wealth as well as to man power. The adoption of this all-in policy was followed in June by the appointment of an Advisory War Council representative of all major sections of the community and in the following month by the creation of a War Cabinet consisting of three representatives of the Government party and two of the Opposition. The Government members were the Prime Minister, the Right Hon. P. Fraser, the Hon. W. Nash, the Minister of Finance, and the Minister of Defence, the Hon. F. Jones, with the Hon. A. Hamilton, then Leader of the Opposition, and the Right Hon. J. G. Coates, a former Prime Minister, representing the Opposition. Mr. Coates died in office in May 1943, and was succeeded as a member of the War Cabinet by the Hon. W. Perry, M.L.C. The War Cabinet was given full responsibility for all matters directly relating to the country's war effort, the ordinary Cabinet continuing to meet and to function as before in connection with all domestic matters.

These two steps were intended to bring about that more complete unity in the prosecution of the war made imperative by the extremely critical situation that confronted the British Commonwealth following the disaster of Dunkirk.



## CHAPTER V

### ON THE BATTLE-FIELD

ON 12th December 1939, a little more than three months after war was declared, advance units of a New Zealand expeditionary force sailed for Egypt. There they established camp in almost the same spot as the Anzacs had done twenty-five years ago. They were followed on 5th January 1940 by the first echelon of a volunteer force which it was the Government's intention to build up to the full strength of a division.

The second echelon of the division was *en route* for Egypt when France collapsed and Italy entered the war. Owing to the danger from Italian submarines operating east of Suez, this echelon was diverted to England, where it stood side by side with British, Canadian, and Australian forces throughout those anxious months when invasion threatened the British Isles. On that strange night of 6th September 1940, when church bells were rung in error over a great part of the south of England as a sign that the invasion was about to be attempted and when the German troops were actually standing ready alongside their massed invasion barges, New Zealand troops moved down through those leafy English lanes to meet the threatened attack along the Kentish coast.

Towards the end of the year, the invasion threat having faded, the New Zealanders were sent to the Middle East to join the remainder of the division which had been formed under Major-General (now Lieutenant-General) Sir Bernard Freyberg, V.C. In the meantime, those forces already in the Middle East had not been inactive. Their numbers were too few for them to be given a combatant role in the attack against the Italians which General (now Field Marshal) Sir Archibald Wavell so brilliantly carried through in the winter of 1940-1 and which swept the invading Italians out of Egypt and as far west as El Agheila, in Cyrenaica. The New Zealanders, however, were assigned a number of specialist jobs in this offensive, including, particularly, a large measure of responsibility for transportation arrangements.

There is one story about the part played by these units in this early campaign which admirably illustrates New Zealand's approach to this war. On the day of the first great battle at Sidi Barrani, in December 1940, New Zealand truck drivers were assigned the job of driving Indian infantry up to the edge of the Italians' fortified positions. Their trucks came under heavy machine-gun fire, and the officer and sergeant in charge of one detachment of Indians were both killed. Their men, new to this type of warfare, paused, uncertain as to what they should do. A New Zealand driver, who was subsequently awarded the Military Medal for his action, seized his rifle from its clip inside the cab of the truck, jumped out, and led the Indians in a wild charge towards the Italian positions. These were stormed successfully, and in the subsequent battle Sidi Barrani fell.

In the meantime, the fabled patrols of the long-range desert group, comprising specially picked New Zealanders, had commenced operations following the Italian declaration of war in June 1940. It was the task of these small bands of hardy desert guerrillas to penetrate far and wide behind the enemy lines throughout the deserts of southern Libya, in much the same way as Lawrence of Arabia had carried out his raiding tactics in the 1914-18 war. They made the first motor journeys across the great sand sea hitherto considered to be impassable, broke up Italian communications, smashed the Italian airfields which linked Libya and Abyssinia, and on one occasion travelled directly across the Sahara to Lake Chad in Free French Equatorial Africa, destroying Italian forces on the way.

Other New Zealand specialist units which rendered important services during these early months of the Middle Eastern campaign included New Zealand railway companies, whose responsibilities comprised the surveying, construction, and operation of vital rail communications as far apart as Eritrea and Tobruk.

By March 1941 the New Zealand division in the Middle East had reached full strength. It was splendidly trained, and was equipped as well as was possible in those days. It was now ready to undergo its baptism of fire as a fighting unit, and left Egypt for this purpose as the spearhead of the British expeditionary force which took up its positions, in April 1941, in the mountains of

Greece. In Greece they fought a valiant but hopeless rearguard action, outnumbered, outarmoured, and under constant air attack with virtually no protection from their own planes, for these were the days when only a handful of R.A.F. machines could be spared for the Middle East.

The first New Zealand shots were fired by a machine-gun detachment at Veve on the Yugoslav frontier at 9 p.m. on 10th April 1941, while the main body came into action in the Mount Olympus area on 14th April. Other important engagements took place at the historic Thermopylae Pass on Anzac Eve, on the road to Athens at a point almost on the beaches near Marathon, and at the Corinth Canal, the scene of a strenuously fought rearguard action against German parachutists.

At Thermopylae, on the very site where Leonidas with his brave 300 Spartan warriors made their famous stand against the enemies of Grecian freedom, members of the New Zealand Maori battalion distinguished themselves 2,400 years later, fighting for the same democratic heritage that ancient Greece bestowed upon the modern world.

From Greece, part of the New Zealand division went directly to Crete, where General Freyberg was given command of all British forces. Here, tired and half-armed men, who had lost the bulk of their equipment, fought for twelve days, commencing on 20th May, against the only airborne invasion that the world had ever seen. In the end, lack of equipment and of air support compelled them to evacuate to Egypt. They were driven off the island, but, even so, they had done their work.

New Zealand casualties in Crete and Greece were heavy. The campaigns in one sense were disastrous, and yet from a general strategic point of view they achieved important successes. In Crete the famous Nazi 7th flying division was so smashed that Hitler was unable to use the island, as he had planned to do, as a stepping stone to Syria, and ultimately to Iran and Iraq. German agents had recently stirred up a revolt in Iraq and the country had been pacified only with difficulty. From there and from Iran the Germans would have had access to Russia's back door and an alternative route to Baku. As a delaying action, therefore, the campaigns in Greece and Crete secured valuable time in which

the Allied position throughout this unsettled area was immensely strengthened and consolidated.

The stand made in Greece was also helpful to the resistance movement in Yugoslavia. And there was the real, if negative, advantage that Allied morale would have suffered a tremendous blow, with consequences more serious even than the military set-back sustained, had no attempt been made to honour the promise of assistance which the Greeks had been given.

The decision to send the division to Greece was taken by the New Zealand War Cabinet only after earnest consideration and with a full appreciation of the tremendous risks involved. There was little expectation that the Germans could be held; but it was the unhesitating decision of the New Zealand Cabinet, as of the other governments who had to face this same decision, that a given pledge had to be honoured, however costly it might prove to be.

The successful evacuation of Allied forces from Greece, and subsequently from Crete, was a magnificent achievement which will most assuredly find an honoured place in the annals of British naval history. The bulk of the forces were brought back safely to Egypt, but of the New Zealand troops, apart from those who fell in battle, or who were taken prisoners, there were many hundreds unable to get away. Some of those who were left behind lived for months in the mountains of Crete and of the Grecian mainland. The German invaders with their customary ruthlessness hunted down many of them, massacring every man, woman, and child in at least three Cretan villages which were suspected of hiding prisoners. It is to the everlasting honour of Greece and Crete that not one case has come to the knowledge of the New Zealand Army Command of a New Zealand soldier being surrendered to the Germans by the local population. For months after the German occupation, boatloads of bearded New Zealanders, many of them speaking quite good Greek, kept arriving at points along the Egyptian coast after sailing right across the Mediterranean under constant attack by enemy planes and through the search net of enemy motor-boats. There was the case, for example, of two New Zealanders who had been left behind in Crete during the evacuation and who, for three months afterwards, had

succeeded in evading capture. They then managed to obtain a small rowing boat and, with an old sheet fixed up as a sail and with a couple of oars, they crossed the 250 miles of sea between Crete and Mersa Matruh on the shores of Egypt. The authorities were informed by these two men that a number of New Zealanders were still hiding at a certain place on the Cretan coast, with the result that a submarine was sent across in October 1941, four months after the Germans had seized the island. The men were located and seventy more New Zealanders were brought safely away.

Tales still keep trickling through of the guerrilla activities of groups of New Zealanders harrying enemy outposts and communications from their mountain fastnesses in Greece and Crete. A few are believed to have linked up with Yugoslav guerrillas. One thing at least can be said with certainty—the time has not yet come to write *finis* to this chapter of New Zealand's participation in the cause of Grecian freedom.

Back in Egypt, the New Zealand division was re-formed, refitted, and reinforced. They had little rest. The Middle East was short of troops and Rommel was already in Halfaya Pass, threatening Egypt and besieging Tobruk. The division was therefore allotted important tasks as part of the British Eighth Army, which launched a fresh Libyan offensive on 19th November 1941, with the intention of relieving Tobruk and smashing Rommel in Cyrenaica. The first task allotted to the New Zealanders was the cutting and encircling of the enemy fortress line of Bardia-Halfaya-Sidi Omar. This was achieved by the capture of Fort Capuzzo and Sollum, which cut the communications of these three fortress positions. Meanwhile, the 4th brigade bottled up the Germans at Bardia and cut the Bardia-Tobruk road. They were attacked by enemy tanks and infantry but counter-attacked, destroying the enemy's forces and capturing many prisoners.

At this stage, another and more dangerous task was suddenly thrust upon them. On Sidi Rezegh, a low ridge which was the key to the Tobruk defences, British and South African units had been defeated by Rommel's tanks with the result that the whole attempt to link up with Tobruk was seriously endangered. Leaving the 5th brigade to maintain the frontier siege, the remaining New Zealanders were rushed to Rezegh Ridge. The move coincided

with a German counter-offensive to the south of Sidi Omar, designed to relieve the besieged frontier positions. After four days of bitter fighting, the New Zealand forces at Rezegh succeeded in cutting a corridor through to Tobruk, but Rommel, alarmed at this threat to the entire German forward position, abandoned his offensive and turned on the New Zealanders with all his available resources. The brunt of this attack was borne by two New Zealand brigades—the 4th and 6th—both of whom suffered severely. Throughout the closing days of November on the terrible field of Sidi Rezegh these two brigades fought the overwhelming might of the 15th and 21st German armoured divisions. Meanwhile, Brigadier Hargest, with the 5th brigade headquarters, was captured and the New Zealand divisional headquarters narrowly escaped being overrun. During this battle, however, men of the 21st New Zealand battalion captured the first German general in this war—General von Ravenstein. On several occasions during the battle complete convoys of wounded were captured and recaptured. Rommel eventually secured the ridge, and for the time being contact with the Tobruk garrison was severed. The 18th and 19th New Zealand battalions remained in Tobruk while the rest of the division moved south-west to join the main body of the British forces. The effort, however, had been so costly to the Germans, particularly to their infantry, decimated as they had been by the New Zealand bayonet attacks, that they were compelled to withdraw, and Tobruk was finally relieved on 9th December. The capture of Gazala by the 5th brigade, in company with a battalion of Poles, on 16th December marked the end of New Zealand's part in this particular campaign.

In the next few months, New Zealand troops were gradually withdrawn from the Western Desert to a base near Cairo. The purpose of this move was made clear when it was announced, on 5th April 1942, that the division had been transferred to Syria.

In the critical situation that developed in the following June during Rommel's advance through Cyrenaica into Egypt, the New Zealanders were hastily recalled and, very much in the tradition of the half-backs in their own famous Rugby football teams, they flung themselves into the fray once more to help stop Rommel's onward rush. This move was accomplished with great secrecy and speed,

the troops being brought down from the mountains in trucks, 1,200 miles across Palestine and the Sinai Desert, to go into action ten days later on 26th June near Mersa Matruh. With the fall of Matruh the division found themselves alone twenty miles to the south, fighting a bitter delaying action in order to cover a general withdrawal of the British forces to the El Alamein position then being hastily prepared. Five attacks in one day were launched by Rommel against two New Zealand brigades. The attacks were beaten off, but General Freyberg was wounded and the position surrounded. At night the New Zealanders attacked with bayonets. A breach was made in the enemy encirclement and the divisional transport poured through this, carrying out the bulk of the troops and General Freyberg.

Back on the El Alamein line they engaged in counter-attack after counter-attack, fighting desperately and without respite throughout those blazingly hot days of July and August. After an advance and retreat in the Ruweisat area between 15th and 17th July 1942, when heavy casualties were suffered, the division took up positions which were substantially those held until the beginning of the final offensive. On their part in this action, Mr. Winston Churchill said on his visit to Egypt in August: 'You have played a magnificent part, a notable and even decisive part, in stemming a great retreat which might have been most detrimental to the whole cause of the British Empire and the United Nations.'

During Rommel's effort to break through at El Alamein in the first week of September, the New Zealanders were once again in action. El Alamein held and at last the Eighth Army was able to pass from the defensive to the offensive. This offensive came on 23rd October, and once more the New Zealand division was assigned a leading role. Its infantry units were given the task of storming the German positions so that British tanks could pass through the minefields and engage the enemy. They did this in the first days of the offensive after extremely severe fighting, particularly for Mityeira Ridge. The main bayonet attack was made at night in the greenish light of the desert moon and in the glare of the greatest barrage that had ever been laid down in the desert. Once the main salient had been made the division was grouped with two British armoured divisions as a pursuit force. The part

played by the New Zealand division in this all-important action was praised by Mr. Churchill in a speech to the British House of Commons on 11th November 1942, when he said:

It was necessary to effect a penetration of about 6,000 yards in order to get through hostile minefields, trenches, and batteries, for the purpose of turning to full account the breach when made. An entire new corps, the tenth, was formed, consisting of two British armoured divisions and a New Zealand division, 'that ball of fire,' as it was described by those who had seen it at work.

This powerful force of between 30,000 and 50,000 men, including the best tanks—Grants and Shermans—was withdrawn from the battle front immediately after Rommel's repulse in the second battle of Alamein, and devoted itself entirely to intensive training. It was this thunderbolt hurled through the gap that finished Rommel and his arrogant army.

As soon as the break-through occurred and the 'thunderbolt,' as Churchill called the 10th corps, had hurled itself with shattering success against Rommel's tanks at El Alamein, the New Zealand infantry units were disengaged from the main battle and sent westward to cut the enemy communications on the coast some sixty miles behind his front line. Heavy rain which fell at this time made the desert practically impassable for all wheel traffic not using the coastal road. Consequently, the main body of the Afrika Corps, now in full retreat, was able to avoid battle with the forces sent to intercept them. Sidi Barrani was occupied on 9th November. New Zealand troops raced forward to capture the heavily fortified Halfaya Pass two days later with a loss of one man killed and one wounded. The division then crossed the whole of Cyrenaica with the victorious Eighth Army without being engaged in any serious fighting. When Rommel fled from El Agheila, however, it was learned that a New Zealand force under General Freyberg had made a detour through the desert to the south and had succeeded in cutting off a portion of his rear-guard, first at Wadi Matratin and then at Nofilia.

From then on the New Zealand division moved steadily forward to Tripoli, where it was reviewed by Winston Churchill. In March 1943 they advanced again, moving up with the Eighth Army against the Mareth line. In the ensuing battle the New Zealanders, with attached British armoured forces, moved around through country regarded as impassable to motor vehicles, to outflank the



heavily fortified 'Little Maginot' Mareth line, behind which Rommel had entrenched himself. When a direct attack on the line itself near the coast failed to produce a decisive result, General Montgomery told the New Zealanders to press their attack on the flank. After severe fighting, they broke through at El Hamma. Rommel's whole force on the Mareth line was in danger of being cut off. Realizing this, he ordered a retreat. Pressing hard on Rommel's heels the New Zealanders next captured Gabes, and then moved north to join the British First Army and the Americans for the final battle of Tunisia.

Altogether, approximately 50,000 New Zealanders have seen service in the Middle East since the early days of the war. From this total there were nearly 20,000 casualties, inclusive of those killed, wounded, missing, and prisoners. In relation to the total forces engaged, the New Zealanders have been relatively few in numbers, but, again and again, they have formed the spearhead of many important actions since the disastrous venture into Greece. The job of clearing the Axis out of Africa has been a long and costly one, but now the task is completed. The value of the services rendered by the New Zealanders cannot be measured by their numerical strength alone. They made a major contribution. Time and again, they succeeded where, by all the accepted rules of strategy and warfare, their efforts should have failed. An undaunted spirit, a sturdy independence, a toughness and a responsibility that comes with the environment and the training he has had, a faith in his general, and, above all, an unshakable will to win have peculiarly fitted the New Zealand soldier for the role that has been thrust upon him in this war.

The part which New Zealand has played in these Middle East campaigns represents perhaps the most colourful and heroic phase of the country's war record. New Zealand's reputation as a country from whence come tough, tenacious, and courageous desert fighters is, perhaps, that for which she is best known overseas. The men of the second New Zealand expeditionary force are justly entitled to the credit they have received. It would be wrong, on the other hand, to infer that their contribution has been any more magnificent than that made by the other forces. When the full story comes to be told, it is

certain that tremendous credit will go to the British divisions. Without their support the New Zealanders themselves could have accomplished very little, and the same may be said of the Australians, the South Africans, the Indians, the Free French, and now the Americans.

Important as New Zealand's contribution to the land forces of the Commonwealth has been during the past three years the contribution she has made at the same time to the other arms of the empire's fighting services has been hardly less substantial. In the air, New Zealanders are to be found in every sphere where the R.A.F. operates—from Iceland to the Solomons. They have been represented in virtually every notable engagement since the beginning of the war. Mention has been made of Air Vice-Marshal Park, who brilliantly directed the air defence of Malta against the Luftwaffe during those critical months of 1942 when the fate of the entire Middle East was being decided; of Air Vice-Marshal Coningham, who helped to direct the R.A.F.'s operations in the campaigns against Rommel; of 'Cobber' Kain, the first air ace of this war on the Allied side; of Sergeant-Pilot Ward, winner of the Victoria Cross; of Wing-Commander Isherwood, who commanded the first R.A.F. forces sent to Russia, and who was awarded the Order of Lenin for his services. These are only a few—the most famous few—of more than 10,000 New Zealand airmen who have gone overseas to lend a hand, or who were already in the R.A.F. when war broke out. In addition to these latter, there were also in England in July 1939 a group of New Zealand bomber pilots who had been sent there for the purpose of flying back to New Zealand a number of heavy Wellington bombers which had just been purchased for the Royal New Zealand Air Force. One of the Government's first decisions following the declaration of war was to offer these bombers to the United Kingdom, believing that much as these up-to-date machines were required for strengthening the dominion's own defences, Britain's need was still greater. The planes and the crews with them were accordingly formed into the No. 75 bomber squadron. After intensive training throughout the harsh winter of 1939-40, they went into action at the time of the Norwegian campaign, subsequently serving over France and then settling down to what has since become a routine, though

always dangerous, job of bombing Germany. Two years after the fall of France, this squadron alone had bombed more than one hundred separate targets in the Reich, including Berlin on nine occasions. In the spring of 1943 two New Zealand fighter squadrons, one of them equipped with Spitfires purchased by public subscription in New Zealand, were serving with the R.A.F., in addition to a night fighter squadron, a bomber squadron, and a torpedo bomber squadron, with the formation of a sixth squadron just completed. In the Malayan campaign, the New Zealand Air Force was represented by a fighter squadron and an aerodrome construction unit and, more recently, New Zealand fliers have served alongside American airmen in the Solomons and other South Pacific theatres.

In the course of a visit to England in August 1942 I was taken to three different airfields where New Zealand squadrons were stationed. At one of these stations—the headquarters of a New Zealand bomber squadron—the officer in charge told me this simple but dramatic story. ‘You would be interested in this, Mr. Nash,’ he said. ‘You remember the raid on Hamburg about ten days ago?’ I replied that I most certainly did. ‘Well, your boys went over in a full squadron.’ (Sixteen bombers, that is to say, manned by New Zealand crews, participated in the raid from this particular station.) ‘Eight of their machines,’ he added, ‘were lost that night.’ Continuing, the officer said that on the next day those who had come back were asked if they would like some time off, in view of the terrible gruelling the squadron had received and the fact that half their number were missing. ‘They sat very quietly for a minute or so. It seemed an eternity,’ the station commander told me, ‘and then one of them said: “We are going on, sir,” and they all went out, back over Germany, the next night.’ These four simple words: ‘We are going on,’ gave one much more than a feeling of tremendous admiration and respect for the boys who spoke them; they carried, too, a message of great hopefulness and great confidence for the future.

At home, the air force has been built up from a modest pre-war establishment, first into a large and efficient training organization and, later, into a modern combat machine capable of making a highly important contribution to the defence of New Zealand whilst

also playing an active part in operations further afield. The history of the Royal New Zealand Air Force as a fully fledged arm of the defence services, only really began on 1st April 1937, when it was separated from the army. By September 1939 an organizational framework, within which rapid expansion could be carried out, had been perfected, although the total strength of the R.N.Z.A.F. personnel at the outbreak of war was only 756 officers and other ranks. By 31st March 1942, three months after Pearl Harbour, this strength had increased to a total of more than 10,000, in addition to those who by this time had already proceeded overseas for service with the R.A.F. or who were undergoing training in Canada and in the United Kingdom. The fact that the dominion was the first empire country to establish a pre-entry educational scheme to fit civilians for entry into the air force, together with other pre-war preparations, enabled New Zealand to take the empire air training scheme in its stride when it was launched in 1940. In the beginning of the war the Government had undertaken to provide 1,300 trained flying personnel per year, but with the inauguration of the empire scheme this undertaking was greatly extended.

Early in 1941 an Air Cadet Corps was established, on similar lines to the Air Training Corps in the United Kingdom, with the object of giving preliminary training to boys between the ages of sixteen and eighteen years. The corps is divided into a number of units, officered by volunteer personnel who are ineligible for military service and who are given a special course of training for their duties. These cadet-corps units are now established in practically every secondary school throughout the dominion and in all the larger centres. The course of training is comprehensive, including instruction in airmanship, theory flying, engineering, wireless, navigation, meteorology, physics, and mechanics, as well as physical training and drill. No flying training is carried out but each unit maintains a close liaison with the nearest air force station. Members of the Air Training Corps are not bound to serve in the air force when they reach the age of military service but the majority do, in fact, volunteer for subsequent training either as pilots or as specialists in other branches. As was confidently expected, the corps, which now comprises more than 5,000 boys between sixteen and eighteen years of age, has provided a

valuable pool of semi-trained personnel for the R.N.Z.A.F. Approximately 2,000 potential aircraft personnel, it is anticipated, will be drawn from this pool each year.

Until 8th December 1941 the R.N.Z.A.F. was primarily a training organization for flying and ground personnel for the R.A.F. under the empire air training scheme, although, in addition to its training schools, a number of bomber reconnaissance squadrons were maintained for operational duties.

Throughout the early period of the war everything reasonably possible was done to stress New Zealand's need for additional aircraft of the operational type and for other classes of equipment and supplies essential for her defence. Japan's entry into the war completely changed the South Pacific situation, and the claims of other more strategically important theatres on the limited resources available had necessarily to be given priority. After Pearl Harbour, however, it became imperative to equip the New Zealand Air Force so far as possible for immediate operational duties. Action was taken, therefore, to secure a supply of modern bomber and fighter aircraft and, as a provisional arrangement, additional squadrons were formed of training and even obsolescent machines.

At sea, the Royal New Zealand Navy distinguished itself in the first real sea battle of the war, when the New Zealand cruiser *Achilles* took part with two British cruisers, the *Exeter* and the *Ajax*, in the successful engagement against the German pocket battleship *Graf Spee* off the coast of Uruguay. With what was described by the German commander as 'incredible audacity,' these three cruisers closed to short range to overcome the inequality in gun-power, driving the crippled *Graf Spee* into Montevideo harbour when the Germans scuttled her rather than face further battle. In addition to the *Achilles*, the Royal New Zealand Navy consists of the *Leander*, a sister ship, the armed merchant cruiser H.M.N.Z.S. *Monowai*, a flotilla of fast mine-sweepers, and a number of auxiliary vessels, to which others are being added continually. The crew of H.M. cruiser *Neptune*, lost in the Mediterranean, were also fifty per cent New Zealanders.

In the Mediterranean, the Atlantic, Indian, and Pacific Oceans New Zealand ships and New Zealand sailors of both the regular and merchant navies have rendered conspicuous service since

the early days of hostilities. The *Leander*, for example, has to her credit the destruction of an Italian raider in the Indian Ocean, together with the sinking of two German supply ships in co-operation with H.M.A.S. *Canberra*. The same cruiser also assisted in the Syrian campaign by bombarding the coastal road to protect Australian troops advancing against Vichy forces. One of the auxiliary ships, the *Kiwi*, with the assistance of a sister ship, the *Moa*, sank a large Japanese submarine at Guadalcanal.

As the war has progressed so the repair, training, and general facilities available in New Zealand have been greatly extended and improved. The modern training establishment, H.M.N.Z.S. *Tamaki*, set up in 1941, is turning out naval recruits at the rate of 600 a year, while the workshops of the New Zealand naval base are today as up to date as any in the southern hemisphere. Approximately 7,000 New Zealanders are serving with the Royal Navy in almost every quarter of the globe. Some are in command of mine-sweepers in the English Channel. Over 500 are in the Fleet Air Arm. More than 5,000 others are serving in home waters or in task forces in the South Pacific area, under Admiral Halsey's command.

Prior to Japan's entry into the war, army activities in New Zealand itself were directed principally to the provision of reinforcements for the division in the Middle East, the furnishing of garrison forces for various Pacific islands, notably Fiji, and the maintenance of the dominion's home forces at as high a level of efficiency as possible in readiness for any sudden emergency that might arise in the Pacific. Although in the last war New Zealand was similarly committed to maintaining a division overseas, she was not then faced with the added obligations which this war has involved in connection with the empire air training scheme and naval recruitment. These and other commitments in the South Pacific have meant, therefore, a considerably heavier drain on the dominion's man-power resources than was encountered between 1914 and 1918. At the same time, she has been faced with the necessity of making much greater provision for home defence—a necessity which was largely absent during the last war owing to her distance from active theatres of combat.

On the outbreak of war, the forces available for home defence consisted of the regular and temporary staff of the army amounting

to only some few hundreds of administrative and instructional officers and N.C.O.s, and the territorial army numbering some 16,000. With the formation of the National Military Reserve, the organization of a Home Guard, and the introduction of conscription for territorial as well as overseas service, these forces were quickly and substantially augmented.

The draft procedure in New Zealand, administered by the National Service Department, is based on the National Service Emergency Regulations and the General Reserve Classification Order, together with their subsequent amendments. The General Reserve comprises, in effect, all persons resident in New Zealand of sixteen years of age and over. It is divided into three main divisions, each division in turn being subdivided into various classes. The first division, for example, consists of all unmarried men from eighteen to forty-five years of age inclusive, with certain specified exceptions, divided into a number of different classes according to age groups. The second division consists of all married men from eighteen to forty-five years of age inclusive, while the third comprises all other reservists.

The proclamation directing enrolment of the first division of the General Reserve was issued on 7th August 1940. At first this applied to all single men from nineteen to forty-five, the lower age limit being reduced to eighteen as from 20th May 1941. Regulations provided for reservists to be selected by ballot for service in the armed forces, and this procedure was followed in the case of members of the first division, separate ballots being held for territorial and for overseas service.

Following the enrolment of the second division, however, in May 1941, married men without children were first called up in one block, and the remainder of the division—i.e. married men with children—were called up by age groups, all men within each group being called up for service unless specifically exempted. Any reservist drawn in the ballot or posted for military service is entitled to lodge an appeal on one or more of the following grounds: (a) that he has been wrongly classified, or is not legally liable to serve; (b) that by reason of his occupation his calling up for service is contrary to the public interest; (c) that by reason of his domestic circumstances or for any other reason calling up would cause

undue hardship to himself or others; (d) that he conscientiously objects to serving with the armed forces.

Appeals against territorial service, with the exception of those on the ground of conscientious objection, were first heard by man-power committees, of which seventeen were appointed for this purpose, while those against overseas service, together with appeals based on conscientious objection, were decided by six armed forces appeals boards assisted by three supplementary boards.

In March 1942 the regulations governing appeals were amended to give effect to the decision that men should in the future be called for general service either in New Zealand or overseas. The operation of this new procedure was applied retrospectively to all preceding territorial ballots with adequate safeguards in the matter of appeal and provision for the merging of appeal tribunals so that in place of the separate man-power committees and appeal boards there were seventeen appeal boards. In accordance with this decision, members of the territorial force and other home defence units who were not less than twenty-one or more than forty years of age became liable for overseas service as from 23rd June 1942.

During the period when men were being called separately for overseas and territorial service, a total of five ballots, representing 80,500 reservists, were held specifically for overseas service, and ten ballots, representing 139,700 reservists, for territorial service. Thirty-four thousand five hundred of the reservists called in the territorial ballots, however, were later included in the overseas ballots. In addition to these, 97,400 men have been called for general service.

Draftees are classified, on medical examination, into grades. Grade I comprises those who are liable to be called upon for service overseas; Grade II, those who are as a general rule being kept for service in New Zealand (subject to transfer to Grade I if their physical condition improves sufficiently); Grade III, those who are fit only for sedentary or similar army duties; and Grade IV, those permanently unfit for any form of military service. A considerable number of Grade III men have actually been assigned to clerical and similar work with the forces. In the case of those conscripted or volunteering for territorial service, the practice followed during the first two years was to put them through an intensive



three months' training course with a longer period in the case of officers and N.C.O.s.

The dominion's 1914-18 war veterans had been already organized into the National Military Reserve, whilst later came the Home Guard modelled on Britain's force with the same name. This latter body was originally instituted as a voluntary civil organization, under the Minister of National Service, for the purpose of providing static defence. Its members follow their normal occupations during working hours, training at night and in the week-ends so that should an invasion come they can take up their stations immediately at certain strategic points at the coast line, or in inland areas, for the purpose of fighting a delaying action until the regular territorial army is able to take over. Home Guardsmen are uniformed and armed, although it was not until well on in 1942 that the supplies of arms and equipment were fully available for this purpose. Together with members of the National Military Reserve, until that body was reorganized, the Home Guard has provided guards for vital points and men for continuous coast-watching service. With an immensely long coast line extending more than 4,000 miles, and numerous beaches on which landings could be effected, with internal communications impeded by the topography of the country, and with a population numbering less than 1,700,000, the problem of local defence which New Zealand had to tackle was peculiarly difficult.

Prior to the war New Zealand's defence strategy was based on the assumption that the enemy could be halted effectively in any attempted drive to the south before he succeeded in piercing the Malay barrier—then regarded as the outer perimeter of the Australian and New Zealand defence system. This is the chain of islands stretching from the Indian Ocean along the equator to New Guinea and thence across the South Pacific. It presupposed, too, that Singapore would stand as an impregnable bastion and that Britain, with the new and efficient French fleet to help her in the Atlantic and Mediterranean, would be able to spare considerable naval forces for the Pacific area. And there was the further possibility to be considered that a Japanese attack would bring in the United States and the powerful American fleet based on Pearl Harbour.

Events from June 1940 onwards, however, quickly shattered the entire basis of pre-war defensive strategy. France fell. Her navy was immobilized. Her great coast line was available to the Germans for submarine bases. The British fleet, heavily committed in the battle of the Atlantic, and in escorting convoys to Russia and to many parts of the globe, could give little assistance in the Pacific. At that point it became clear that in any war with Japan the defence of this area would have to depend very largely on the American Navy.

In December 1941, when New Zealand's attention was focused on the battle outside Tobruk in which her expeditionary force was heavily engaged, the Japanese struck at Pearl Harbour. The suddenness of this blow was scarcely to be expected; its treachery, however, was hardly surprising in view of the Japanese record in China. News of the severe losses suffered by the United States Pacific Fleet naturally occasioned serious concern to New Zealand and Australia. Anxiety was further deepened on learning that these were not the only naval losses in the first stage of the Pacific war. Within a few days came word from Singapore of the sinking of the *Repulse* and the *Prince of Wales*. Then followed those worrying months of December, January, February, 1941-2—the Philip-pines were lost despite the magnificent defence of the men of Bataan and Corregidor—Hong Kong gone—Singapore captured—the small Allied fleets based on Java practically wiped out—the East Indies occupied—Burma seized—supplies to China cut off—until by mid February Japanese warships, troops, and aircraft had reached the Bismarck Archipelago and northern New Guinea.

A possibility which had always seemed somewhat unreal to the ordinary New Zealander was now becoming very real indeed—the possibility of his having to fight an invader on the soil of his own country. One can at this stage discuss the dangers which then faced New Zealand because now the dominion is well equipped and well armed, thanks to her overseas friends and her own efforts. In the first months of 1942, however, New Zealand was undoubtedly in an extremely dangerous position. Had the Japanese been able to attack in February, New Zealand would have found it hard to hurl them back. She had first-class troops but inadequate equipment. As the Japanese pressed down towards the Solomons, the

few anti-aircraft guns which New Zealand then possessed were sent from positions around her own cities to protect vital airfields in Fiji. Her air force lacked modern combat planes. Her army lacked tanks. Her navy was not sufficiently strong or sufficiently well equipped to meet an invasion threat. The Government had to make an immediate decision as to whether the expeditionary force should be withdrawn from the Middle East. It decided to allow the division to remain. The war in the South Pacific was essentially a naval and air war for the waging of which planes and ships were the first requirement. Withdrawal of the expeditionary force would mean diverting a large tonnage of shipping which might be employed more usefully in carrying supplies and reinforcements to the South Pacific area from the United States. Moreover, the expeditionary force was by this time the best-trained desert division in the Middle East and it was felt that, whatever New Zealand's immediate danger, her troops might be needed even more urgently in Egypt and Libya. Although there was every reason to believe that these veterans of the desert could become good jungle fighters at short notice, it was felt that the interests of New Zealand herself and of the war effort as a whole would be better served by leaving them to continue their work in North Africa and by undertaking, instead, the intensive training of home forces. New Zealand, therefore, accepted the risk of invasion during the period when United States forces were moving down into the Pacific, and proceeded with grim austerity to a still more intensive mobilization of all the resources and man power she could muster in preparation for any prospective attack the enemy might suddenly launch upon her, and in preparation, also, for her future role as a main South Pacific base of United Nations offensive action against Japan.

An expansion of both the air force and army was embarked upon. In the former case, the objective was to transform what had been primarily a training organization into a combat force while, at the same time, continuing to turn out trained men for the empire air scheme. New types of modern aircraft were acquired, including Kittyhawk fighters and increased numbers of Hudson bombers. Experienced air personnel were brought back from overseas. Auxiliary squadrons were formed within the organization

of the flying training schools, and all training aircraft, so far as resources permitted, were equipped for operational duties. Aerodrome defence squadrons were organized with the object of relieving the army of the necessity of decentralizing and scattering small forces for the protection of the aerodromes at the expense of the army's main mobile striking forces. In addition to the airfields constructed before the war, several new ones were completed and others extended and equipped for the operation of modern combat craft. Other new developments included the establishment of a network of radiolocation stations throughout New Zealand and in certain islands; the establishment also of radiotelephone and wireless stations for the control of fighter operations, for air reconnaissance and the safety of aircraft; and the creation of air observer corps. The utmost attention was given to advance training instruction and operational training experience. The continuous expansion of the air force was planned carefully with a view to providing for New Zealand's participation to the greatest possible extent in the offensive against Japan as well as for the defence of the dominion's own shores. In this latter connection, special units of the Royal New Zealand Air Force have been established for the purpose of carrying out army co-operation duties. These special squadrons are designed to provide necessary reconnaissance and communication units for army formations and, although forming part of the air force, are under the operational command of the army.

By 31st December 1943 New Zealand air personnel had grown to a total of 43,000 inclusive of crews undergoing training. This, on a population basis, would be the equivalent of a United Kingdom air force of no less than 1,200,000. Of approximately 14,000 sent overseas since the beginning of the war, 2,600 had become casualties, 1,650 had returned to New Zealand, leaving a nominal strength overseas on 31st December 1943 of 9,750. When it is remembered how youthful a service is the New Zealand Air Force, and how small a population it has to draw upon; when it is remembered, too, that it is manned entirely by volunteers who have to their credit 443 separate awards for distinguished service, including United States, Greek, French, Russian, and Yugoslav as well as British decorations, it will be agreed that these figures represent

a record of achievement that other nations may have equalled but none have excelled.

So far as the military defence of New Zealand was concerned the whole situation had to be reviewed and prior plans put rapidly into effect. Immediate steps were taken to mobilize the territorial forces for full-time service; additional units were raised and expanded. Garrisons in Fiji and certain Pacific islands were heavily reinforced, the strength of the dominion's forces in this area being raised to that of a division. Service in the Home Guard was made compulsory for all men aged eighteen to fifty not already in the regular forces, and its members were allotted defensive tasks in their home districts on a shift system arranged so as not to interfere unduly with their civil occupations. All males between the ages of eighteen and sixty-six who, because of physical unfitness or for any other reason, were not serving in either the Territorials or the Home Guard, were obliged to enrol in one of the civil defence organizations which had been established throughout New Zealand for the purpose of training and equipping civilians to deal with problems of supply, transport, medical and public health needs, maintenance of law and order, fire fighting, communications, and other vital services.

The drafting of all available single men from eighteen to forty-five years of age for military service was virtually completed by the end of 1941. From 20th January 1942, when all married men from eighteen to forty-five without children were called up, the demands for the army progressed through seven ballots, so that by the following December all those up to the age of forty-five, irrespective of dependants, had been called to service in successive age groups. The drafting of workers for essential industries was also begun early in 1942 and a start made with the employment of women in the armed forces. Units of the National Military Reserve were incorporated into the territorial force and fully mobilized, while the Home Guard, by this time more than 100,000 strong, was placed directly under army control and provided with an instructional staff of trained personnel from the army.

For the first few months of 1942 the problem of equipment was a crucial one in all branches of the home defence services. With the arrival, however, of large supplies from abroad, aided by a

considerable increase in local production, this problem was gradually overcome. By the end of the year the army had been mechanized. The Home Guard was able to work on army training schedules with modern weapons. Men with experience of modern war had been brought back from the Middle East to assist in the training and organization of the home forces. Although no one would suggest that the training and equipment of the dominion's mobilized and part-time troops had achieved perfection by the end of 1942, the country's military strength had undoubtedly been increased beyond all comparison within a very short space of time, owing largely to the assistance received from other parts of the British Commonwealth and from the United States, and to the efforts of her own industrial workers.

As the war came gradually closer to New Zealand, civil defence measures were pushed forward with still greater vigour. The training and equipment of personnel enrolled under the emergency precautions scheme was intensified. Arrangements were completed for evacuation of certain areas in the event of attack, the provision of supplementary hospital accommodation was put in hand, shelter trenches were dug in public parks and vacant grounds of every city. Lighting restrictions, particularly in all coastal areas, were rigidly enforced.

Vice-Admiral Ghormley, the first commander-in-chief of the South Pacific area, arrived in New Zealand on 21st May 1942, to establish his headquarters in Auckland. Some of his officers and a few American Army personnel had preceded him, while further small parties in strange American uniforms were to follow quickly. These were the vanguard of the powerful United States forces who have since turned the tide of war in the South Pacific theatre. The first large American force to reach New Zealand was the United States marines, who disembarked at Wellington to engage in final training preparatory to their heroically successful assault a few months later on the Solomons. On 12th June, United States warships and transports carrying another large force of American troops arrived at Auckland. Though shrouded in official secrecy, the arrival of these forces was a clear indication to the New Zealand people of the important role which their country had been assigned in Allied plans for victory in the Pacific.

Arrangements were rapidly completed to transform New Zealand into a major base from which offensive operations against the Japanese could be started. The country worked night and day to get ports, camps, aerodromes, hospitals, and other facilities ready for this purpose.

With the increasing flow of American reinforcements and supplies into the Pacific during 1942 and the stationing of United States forces in New Zealand itself, New Zealand's fears for her own safety were very largely allayed. It should be stressed, however, that New Zealand has never asked for American forces to be sent down there merely for the purpose of defending New Zealand against possible attack. That task has always been accepted, first and foremost, as a responsibility of the New Zealand people themselves. Nor have New Zealanders ever been in doubt about their ability to look after their own defence, given the planes, the tanks, the guns, and other supplies that are essential. American forces are in New Zealand for offensive rather than defensive purposes. New Zealand is glad, indeed, to have them there; they have constituted a very great source of comfort in a period of grave anxiety. The main reason for their being there, however, is that New Zealand's relative isolation and consequent freedom from attack by land-based aircraft makes it a strategically ideal base for land, sea, and air reserves. As such its defence and retention are vital to United Nations offensive strategy in the Pacific. As New Zealand sees it, United States forces were sent to the South Pacific in order to be ready, as soon as preparations were complete, to move forward, together with New Zealanders and Australians, in a powerful counter-offensive against the enemy.

The first blows in this counter-attack were delivered in August 1942, when United States marines, many of whom had carried out their final training on New Zealand beaches, landed on Guadalcanal, Tulagi, and Florida Islands in the Solomons. By October, New Zealand flyers had gone to join the Americans at Henderson Field, and New Zealand troops moved into New Caledonia and other islands in readiness, along with United States forces there, to deliver further blows. Meanwhile, Australians and Americans together had launched their offensive in New Guinea. The severe check which the Japanese advance sustained as a result of these

operations, plus the severe losses inflicted on the Japanese navy, merchant marine, and air force, justified a considerably more optimistic appreciation of New Zealand's strategical position in the last months of 1942, particularly if one also took into account the extent to which her home defences had been improved, both in trained personnel and in equipment.

Concurrently with the arrival in the South and South-west Pacific of substantial United States reinforcements, steps were taken towards securing unified command over the various United Nations forces available in these areas, chiefly Australian and New Zealand land, sea, and air forces, plus units of the British, Free French, and Dutch navies. Unity of command in each major theatre of conflict, together with complete co-ordination of policy and effort and the unconditional pooling of resources and equipment, had been strenuously urged by New Zealand and Australia in particular, as the first essential requirement of successful global strategy. From the moment Japan entered the war, these two countries had been especially insistent on the necessity of evolving a common strategic plan which embraced the whole of the Pacific area and which, if it was to stand any reasonable prospect of success, would need to accept completely the principle of unified operational control over all United Nations forces within each major operational region. The first step towards such unified regional command came on 3rd January 1942, when General Sir Archibald Wavell was appointed as supreme commander in the South-west Pacific area with headquarters in Java. Major-General George H. Brett, chief of the air corps of the United States Army, was made his deputy, and Admiral Thomas C. Hart, of the United States Navy, commander of all naval forces in that area.

In the April following, a separate naval command was constituted to be known as the Anzac area, and Vice-Admiral Herbert F. Leary was placed in charge of the combined naval forces of the Australian and New Zealand areas with the title of commander of the Anzac naval forces.

Following on the reverses suffered by the Allies in the Dutch East Indies and the necessity of withdrawing from virtually the whole of south-east Asia, it became necessary to reconstitute General Wavell's command.



A new South-west Pacific command was accordingly created with General Douglas MacArthur as supreme commander over an area embracing Australia, New Guinea, and the waters immediately adjacent to the Australian coast. Under General MacArthur, General Sir Thomas Blamey, of the Australian Army, was made commander of the United Nations land forces in the South-west Pacific area, General George H. Brett, of the American Army, commander of the air forces, and Vice-Admiral Herbert F. Leary, of the American Navy, commander of the naval forces. On 23rd April a further command, separate from General MacArthur's, was announced, to be known as the South Pacific area and embracing New Zealand, Fiji, New Caledonia, and other islands south of the equator and east of General MacArthur's zone. Vice-Admiral Robert L. Ghormley, of the United States Navy, was placed in charge of United Nations military, naval, and air operations throughout this region. In October, Admiral Ghormley was succeeded as commander of the South Pacific area by Admiral William F. Halsey.

The South Pacific command was essentially a naval command with Admiral Halsey responsible directly to Admiral Chester W. Nimitz, commander-in-chief of the United States Pacific fleet, with headquarters at Pearl Harbour. It was with some reluctance that this separation of commands was accepted by the New Zealand Government, which felt that New Zealand and Australia formed a strategic whole and was anxious, therefore, for the dominion to be included in one consolidated area under General MacArthur. At the same time, it was appreciated that New Zealand's defence was basically a question of naval and air strategy, whereas in the case of Australia land forces would necessarily be required to play a major role in the event of any large-scale invasion attempt. In view of the fact, however, that the decision to set up a separate command was taken in accordance with strategic considerations as determined in Washington, New Zealand, after having fully and frankly stated her views, accepted the arrangements made and pledged her utmost co-operation and support in carrying them out. On 26th October it was officially announced by the New Zealand Minister of Defence that the dominion's armed forces in the Pacific area were under American command which would be exercised through the existing

New Zealand chiefs of staff, whose direct responsibilities for the defence of New Zealand remained unchanged. The agreement that had been reached between the two governments concerned also provided that the movement of New Zealand forces of all three services out of the dominion for any new commitment would require the approval of the New Zealand Government before any new measure was given effect.

Close and continuous consultation on common defence matters is, of course, maintained between the Australian and New Zealand Governments and their chiefs of staff. A New Zealand Army representative is attached to Admiral Halsey. The advanced positions in the South-west and South Pacific areas have brought about a position under which General MacArthur will obviously take charge of operations with Admiral Halsey co-operating. New Zealand military representatives are also attached in a liaison capacity to the joint planning staff, London, and the combined chiefs of staff at Washington. This latter body, comprising the United States chiefs of staff, together with the representatives in Washington of the British chiefs of staff, was created in February 1942, for the purpose of mapping out broad strategical plans in the form of joint recommendations to the heads of their respective governments. Though essentially an Anglo-American organization responsible for bringing about complete co-ordination of the strategy and higher war policy of these two nations, it is also charged with the responsibility of providing for the fullest British and American collaboration with other United Nations, whose military representatives, including those of China, Australia, New Zealand, and the Netherlands, are consulted in regard to matters which particularly concern their national interests. Though it is the function of the combined chiefs of staff to keep in constant touch with day-to-day operations in the various war theatres, actual directions to commanders in the field involving the execution of tactical operations emanate from their respective chiefs of staff—that is to say, in the case of the Pacific, which is an entirely American strategic responsibility, from Admiral King, General Marshall, and General Arnold. Thus both General MacArthur in the South-west Pacific area and Admiral Nimitz in the Pacific area are under the unified command of Washington, where their respective army

and navy chiefs act, in turn, under the direction of the president, as commander-in-chief of all of the United States forces, and in accordance with the broad strategical recommendations made by the combined chiefs of staff.

Much discussion has revolved around the issue of a more completely unified command in the South and South-west Pacific areas, but it is difficult to see how there could have been any greater unity than was secured under existing arrangements. The line which divides the South and South-west Pacific areas is a line which exists only on a map; it is not a barrier across which neither General MacArthur nor Admiral Halsey is permitted to pass if military considerations should so require. From the outset, in fact, it has been clearly understood that whenever it is deemed to be advisable or necessary, forces attached to either one of these commands should be available for operations within the other command area. The problem is not one of a united command as such, but rather one of complete co-ordination between the different forces employed in the whole area and the different forms of attack which each is specially constituted to carry out. Thus, those forces under Admiral Halsey's command are predominantly naval and naval air forces constituted to undertake primarily naval and naval air attacks. Those forces under General MacArthur's command, on the other hand, are predominantly land and army air forces dependent on transportation either by surface ship or by air for operations beyond the continent of Australia. The first imperative, therefore, of defensive and offensive operations in the South and South-west Pacific areas is complete co-ordination between the land, sea, and air units involved. This essential requirement has been met by General MacArthur and Admiral Halsey each knowing everything the other has done, is doing, or plans to do, and by discussing every move, one with the other. They determine in complete co-operation how their respective forces can be used most effectively to achieve the defeat and ultimate destruction of the enemy.

While the problem of commands was being settled, further steps were taken in the direction of greater unity and co-ordination of policy and effort in the prosecution of the war against Japan by the work of the Pacific War Council in Washington composed of

representatives of the United States, Canada, Australia, the United Kingdom, New Zealand, China, the Netherlands, and the Philippines. When the idea of such a council was first mooted, there were strong differences of opinion on the part of the governments concerned as to whether the council should be located in London or in Washington. Australia and New Zealand, particularly, were insistent that Washington was the proper place in view of the fact that responsibility for the conduct of the war in the Pacific would rest primarily with the United States. It was first decided, however, that a Pacific War Council, for consideration of general political problems, should be set up in London, and this step was accordingly taken early in February 1942. Australia's and New Zealand's views, nevertheless, finally prevailed, and a second Pacific War Council, which in effect took precedence over the London body, met for the first time in Washington on 1st April. The Pacific War Council in Washington has done good work since it was constituted. Whilst there may be room for minor improvements, it has served a useful purpose by enabling the countries represented on it to keep themselves fully informed on matters relating to the conduct of the war and by giving to all of them, including small nations, such as New Zealand, an opportunity of stating their case for assistance and of having their voices heard directly by the other United Nations.

It may be said without hesitation that New Zealand's needs from a defence point of view, and the needs of other Pacific territories which New Zealand has undertaken to defend, have at all times received the fullest and fairest consideration. If our requests have not always been fully met, it has usually been for sound and convincing reasons.

New Zealand has felt that the Pacific theatre of war may not always have received the attention that it deserved and that at times there has been a tendency to underestimate the capacity of the Japanese for carrying out successfully a far-flung offensive, and to underestimate, also, the serious reverse which the United Nations' war effort would suffer if Japan were not halted in time, or, if having halted Japan, we were to be content with fighting merely a 'holding' war. Were this strategy to prevail, Japan, it is feared, would be given valuable time to consolidate her gains, strengthen her

outlying defences, and repair her economy by development of the rich resources of the territories she has seized. This undercurrent of concern is quite apart from any selfish consideration of New Zealand's own safety and security. It springs solely from an objective appreciation of Pacific strategy, having regard to the long-term interests of the United Nations as a whole. The New Zealand people recognize, nevertheless, that their future safety and security are no less vitally dependent on the destruction of Hitler in Europe, on the success with which China can maintain the fight, on the outcome of the efforts being made to overcome the submarine menace in the Atlantic, on the ability of the British and American air forces to maintain their ceaseless pounding of Axis industries, docks, and transportation systems. They realize that the war could conceivably be lost, and with it all that New Zealand has worked for and fought for over the years, in any one of these theatres. Such requests as New Zealand has made for equipment and reinforcements have been made, therefore, with a full appreciation of the tremendous responsibility that devolves upon the Allied high commands of weighing carefully the pros and cons of alternative strategies and of deciding the allocation of available supplies in accordance with the strategic imperatives of the moment.

It is true that the war production of the United Nations has far outstripped the capacity of Germany, Italy, and Japan; that the battle of production has been won, proving once again the ability of democratic nations, using democratic methods, to get results in time of crisis by appealing to the reason and self-discipline of their people. This is not to say, however, that any United Nation has yet approached the full and absolute limit of its resources, effort, and capacity. There are still many deficiencies to repair before the munitions and equipment available in each and every vital war theatre can be regarded as completely adequate. Justifiable pride in the truly phenomenal results already achieved must not be permitted to obscure the continuing urgency of the production effort. Production alone, moreover, will not win this war. All the arms and equipment in the world are of little avail unless there are men trained to use them—men who realize the issues at stake and are ready and willing to work and fight hard and long to ensure that the right issues prevail. But given the arms and equipment

and given the men to use them, it is still essential to have available the means of transporting both men and equipment to wherever they can inflict the greatest damage on the enemy. For this reason, shipping is at the moment, undoubtedly, the most urgent of the many vital problems confronting the United Nations to-day. Unless this problem can be solved, unless the menace to vital United Nations supply lines can be overcome, the chances are that the tremendous production effort which the U.S.A. particularly is putting forth will be largely neutralized. The shipyards of Britain and America and those who work in them are performing miracles of construction, but the hour is late and the need is great. By our capacity to build ships and to keep them afloat, to carry war materials and reinforcements on an ever-increasing scale to distant war theatres—not least in the Pacific—the final outcome of this conflict may be decided. Transportation may well decide the issue of slavery or freedom for mankind for generations to come.

## CHAPTER VI

### THE MAN-POWER PROBLEM

THE job of organizing New Zealand's man-power resources commenced almost immediately after the outbreak of war in 1939. It was pushed ahead vigorously in the months following Pearl Harbour when labour shortages became more and more acute with the drafting of increasing numbers of men into the armed forces. The extent to which both men and women have been systematically mobilized for war service has not, perhaps, equalled the achievements of Britain; yet it is probably unsurpassed by any other of the United Nations. The problems New Zealand has had to face from a man-power point of view cannot, it is true, compare in scope or complexity with those which have confronted more heavily industrialized countries such as the United Kingdom. Her population is small and homogeneous. Her industrial resources are relatively limited, and her war production programme in the fields of agriculture and industry is fairly highly specialized. Labour is well organized and there were in existence long before the war many centralized controls which facilitated the direction of man power and resources into those channels of production best calculated to promote the war effort. On the other hand, in relation to population and resources the commitments New Zealand has undertaken in the military and production fields are very heavy. They can be met only by the most careful husbanding of the resources available and the ruthless elimination of all non-essential effort. These commitments, moreover, especially in the production field, are growing continuously. In addition, for example, to the obligation assumed at the outset of the war of making the maximum contribution of foodstuffs and materials for Britain's wartime needs, New Zealand has become a major source of supplies for the large American forces now located in the South Pacific. These added responsibilities have been thrust upon the dominion at a time when her agriculture, industry, transport, and essential services were already strained

to the utmost by overseas military commitments and the greatly expanded programme of home defence rendered necessary by events in the Pacific. Moreover, New Zealand's highly centralized economy, though in many respects facilitating the development of a maximum war effort, also created in itself a number of real difficulties. It meant within certain spheres an insufficient flexibility of the economic structure for the purpose of carrying out speedily those many, if minor, readjustments which war exigencies involve regardless of the degree of preparedness that a country may have achieved. It meant, for example, widespread modifications in the somewhat rigid system of labour regulation and employment practice that had grown up over a long period of years on the basis of the industrial conciliation and arbitration system and an extensive and detailed body of labour legislation. The task of formulating and carrying out a man-power policy designed to meet all essential war needs, whilst causing the least possible disturbance and dislocation to civilian life, has, therefore, been a much more difficult one than might be supposed. Probably no phase of New Zealand's war effort has occasioned more widespread debate and criticism, and this fact in itself is an indication of the real difficulties encountered and the extent to which in meeting them unpopular measures have had to be adopted.

There is another consideration, too, which must be taken into account in any examination of New Zealand's man-power policy. At the outbreak of war there was virtually no slack of unemployment to be taken up. The depression years had been left well behind and an expansionist economic policy had brought a degree of economic activity accompanied by production and employment records without previous parallel. Even before 1939, shortages of skilled labour and a scarcity of critical materials in many major industries, notably in farming and the building trades, had become fairly acute.

Thus there was no reserve labour supply to be drawn upon when agriculture and industry had suddenly to double their efforts to meet war needs at the very moment when many of the country's most able-bodied members were withdrawn from production to enter the armed forces. For the first two years, however, the situation was met without resort to coercive measures of industrial



conscription. Instead, many of those who entered the armed forces were replaced in industry and on farms by older and younger men and by women. Secondly, those remaining in their civil occupations increased their output by harder work, longer hours, and the voluntary surrender of many peacetime benefits and privileges secured under legislative enactments or through collective bargaining agreements. Thirdly, considerable economies in the use of available man-power resources were effected and workers were released from non-essential trades and occupations for jobs in war industries, by compelling the civilian population to go without many of the goods and services to which their peacetime standards of living had accustomed them. To this end, several methods were followed: drastic conservation measures were enforced; rationing schemes were adopted; an outright prohibition was imposed on the production of many articles; imports were limited to absolute essentials.

At the same time, in order to safeguard essential industry from the effects of heavy conscription of man power for military service numerous policy rulings were issued from time to time by the War Cabinet through the Director of National Service to man-power committees and appeal boards. The general purposes which these rulings were intended to serve were briefly: (1) to give a maximum priority to the needs of the armed forces both for overseas reinforcements and for adequate home defence; (2) after military requirements had been assured, to make the greatest possible provision for industry engaged wholly or substantially in activities relating to the war effort, including particularly the production of foodstuffs and materials for export; the manufacture of equipment, munitions, and supplies either for New Zealand's own forces or for those of her allies; and defence construction; (3) to maintain essential services, including transport, communications, shipping, power, hospitals, and other services vital to the military and production effort; (4) to maintain civilian consumption and living standards at the highest practicable level consistent with the three preceding objectives.

There was no attempt, however, until the man-power crisis became so acute as to make more stringent measures imperative, to lay down any hard and fast order of priorities as regards man-power

usage. On the contrary, the procedure followed was kept as flexible as possible so that it might be adapted rapidly to meet any new situation that should arise with a minimum of disturbance. The situation during the first two years, it must be remembered, was one fraught with a great deal of uncertainty. It was not known how suddenly Japan might strike in the Pacific. It was not known whether New Zealand would be able to continue indefinitely heavy shipments of refrigerated foodstuffs and other produce across the long ocean stretches to the United Kingdom. There was considerable uncertainty as to the extent to which she could continue to rely upon distant sources of supply for much essential war equipment. The demands that might be made for reinforcements in the Middle East and for the R.A.F. were a similarly uncertain factor. Thus, it was difficult, in the early stages of the war, to lay down in detail a long-term programme which could be systematically carried out and which would meet continuously, whilst being carried out, the pressing day-to-day or month-to-month man-power needs of the war effort, in general, and New Zealand's role in that effort, in particular. This did not preclude, however, the fullest inquiry being made into available and potential resources in relation to anticipated needs, nor the drawing up, on the basis of these investigations, of plans that would at least ensure the economical and efficient distribution of man power for the tasks of most immediate importance to the war effort. For this purpose a Ministry of National Service was created in New Zealand early in the war and it has functioned since, in conjunction with the military authorities, district man-power committees, and appeal boards, as the agency primarily responsible, among other things, for the manner in which the country's labour supply is harnessed to the war effort. Other activities administered by the Department of National Service were the draft procedure and supervision of civilian defence, the latter under a separate minister.

So far as it was possible to see ahead, policy was planned accordingly. In the first instance, a schedule of reserved occupations was drawn up for the guidance of man-power committees in considering the cases of men by whom or on whose behalf appeals were lodged against military service. Key men and those possessing a special degree of skill or training in important war industries were

retained wherever possible. The procedure adopted in the matter of draft deferments, however, was conservative, only a small percentage of those called up being exempted or deferred on grounds of essential occupations or for reasons other than physical unfitness. No blanket deferments or exemptions were granted, each individual case having to be considered on its merits by a man-power committee or appeal tribunal. During 1942 a Minister of Industrial Man Power, subject only to the War Cabinet, was appointed, charged exclusively with the organization, control, and mobilization of the whole of the civilian man power and woman power of the dominion. By early 1942 the number of adult male workers who had donned uniform for the duration left a wide gap to bridge on the part of those remaining in production. The fact that in spite of this tremendous withdrawal of man power from industry, production was not only maintained but increased in the second year of war by fifteen per cent in the case of farming industries, and by thirteen per cent in the case of manufacturing industries, over pre-war levels, is evidence of the contribution which civilian workers have made to New Zealand's war effort. These very satisfactory results have been made possible only by the willingness of the trade union movement on the one hand and employers' organizations on the other to accept the necessity of drastic changes in established relationships between Government, management, and labour and to co-operate accordingly. This co-operation has been secured in a large measure through the medium of an Industrial Emergency Council set up soon after the outbreak of war to advise the Minister of Labour on matters relating to the war emergency, more especially where variations of established conditions governing employment are considered necessary. To the end of 1942, more than eighty variation orders had been issued on the council's recommendation, and this number has since been considerably increased. These orders are issued under emergency regulations established in September 1939 for the purpose of overcoming the effects of labour shortages in industries essential to the efficient prosecution of the war. These regulations give the Minister of Labour power to modify or suspend the provisions of any act or any award or industrial agreement affecting conditions of employment. Action taken under these emergency powers with the

concurrence of the council has included permission for the working of shifts, extension of the number of hours that may be worked in any one week, relaxation of apprenticeship conditions, suspension of holidays, and the removal of penal overtime provisions.

In the case of hours and overtime, for example, the forty-hour week which prior to the war was operating over a very wide section of New Zealand industry has gone by the board. For a considerable time a general extension of the working week was vociferously demanded by the press and the Opposition as an essential wartime requirement. The question received frequent and extended consideration by the Industrial Emergency Council, but the view was taken that a blanket extension of ordinary hours would not of itself bring about the desired increase in production. Thus, the forty-hour week was retained in principle, although many and varied modifications were agreed to where an extension of working hours was clearly in the interests of the war effort. As man-power shortages became more critical towards the end of 1942, the War Cabinet, subject to the recommendation of the Industrial Emergency Council in each particular case, decided to approve, as a matter of policy, the principle that the industrial war effort should be based on a forty-eight-hour week wherever it was deemed necessary or desirable to conserve man power or to increase production. In the case of overtime rates many awards previously contained a provision the effect of which was to require payment of double rates for time worked in excess of three hours overtime in any one week. This was modified to provide for time and a half for the first three hours overtime on any day and twelve hours in any one week (four hours and sixteen hours, respectively, under those awards where a four-hour limit previously applied).

Females and youths were not permitted to work more than, 120 hours overtime per year. This restriction was removed to enable extended overtime with certain safeguards as to health of the workers.

Further emergency orders have been issued for the purpose of relaxing conditions which previously precluded or restricted the employment of women in certain industries. Under the Factories Act, night work on the part of women is prohibited, but

during the war emergency women in factories may be engaged on shift work in appropriate cases. In the clothing and related trades the female basic-wage provision was similarly modified to enable women workers over twenty-one years of age, and without previous experience, to be employed. Special provision has also been made to meet the case of women volunteers for land work. The Industrial Emergency Council, in considering this general question of women in industry, has adopted the principle of equal pay for equal work, lower rates of pay for women being fixed only where it has been shown that a smaller volume of work was inevitable. In industry, in offices, in public services, and on farms replacement of men by women has taken place on an extensive scale. Many thousands of women, including those with families, have gone back to work long hours in strenuous occupations in woollen mills, boot factories, clothing industries, munition works, all dependent to a high degree on skilled female labour. Many with previous factory experience have temporarily forsaken a more leisurely domestic life to lend a hand where many hands are needed. The Women's Land Corps has rendered useful service by helping to overcome the serious situation which arose from the depletion of farm workers. Members of this corps undertake the lighter work on farms where at least one male worker is available to do the heavier work. Since these recruits are largely unskilled, farmers employing them are entitled to receive a subsidy amounting to fifteen shillings per week during the first six months of employment. Service is for the duration of the war and rates of pay are somewhat less than the standard award rates for men and boys over eighteen. The employment of women in many occupations previously restricted to men by law or custom soon became well established, whilst in other industries, as, for example, the canning departments of meat-preserving works, the proportion of female labour engaged was greatly extended. In most New Zealand cities, women tram conductors, women drivers and telegraph messengers, women postmen and railway porters are now the rule rather than the exception. Special arrangements have been made in connection with the post office service, whereby the wife of a man who enlists or is drafted may, if competent to do so, take over his job during the husband's absence in the army.

To-day, the women of New Zealand are performing a host of services, great and small, and are carrying their fair share, and more than their fair share in many cases, of the war effort.

Amongst the other important steps taken by the Government prior to 1942, for the purpose of more efficient man-power utilization, were the creation of a Waterfront Control Commission, the prohibition of strikes and lockouts, and the training of auxiliary workers to replace workers performing military service. The Waterfront Control Commission, appointed in April 1940, was made responsible for securing the utmost expedition in the loading and unloading of vessels and the storage of cargo. Provision was made for the appointment of waterfront controllers and other officers at the various ports and very extensive powers were vested in the commission, the whole of the provisions of the New Zealand Waterside Workers' Award being simultaneously suspended.

Under the Strike and Lockout Emergency Regulations, drawn up in 1939, strikes and the encouragement of strikes are forbidden, the regulations providing for the appointment of emergency disputes committees to deal with any dispute that may arise. Whilst it cannot be said that New Zealand has been completely free from industrial strife, its record in this respect during the war has been a good one. Difficulties have arisen occasionally on the waterfront, in freezing works, and in coal-mines, for example, but in nearly every instance such difficulties have been speedily settled with little serious interference or loss to the war effort.

As a further means of alleviating the shortage of skilled labour, a scheme for the intensive training of auxiliary workers was launched in 1940, under the general direction of a Dominion Auxiliary Workers' Council consisting of representatives of employers, workers, and government departments, with provision for local councils.

These various emergency measures designed to conserve critical materials and release man power for war service have resulted in severe restrictions on the production of particular commodities and services. To this end the manufacture of many articles, including electrical supplies, radio receiving sets, and rubber goods, has been prohibited or restricted solely to military orders. Iron and steel cannot be used for any purpose unrelated to the war production

except with the express consent of the Factory Controller. The use of leather (chrome tanned hides) for any purpose other than the manufacture of footwear is similarly prohibited. Restrictions have been placed on the purchase and consumption of liquor. Race meetings have been cut by fifty per cent. Road transport services and rail travel have been severely curtailed. Regulations provide for the compulsory zoning of deliveries of goods, both wholesale and retail. All imports and all exports have been kept under strict control and no non-essentials are allowed either in or out. Finance emergency regulations empower the Government to control the use to which capital may be put.

It will be evident from this brief recital of the steps taken during the first two years or so of war that the mobilization of New Zealand's man power and woman power proceeded with considerable vigour from the beginning. In the months following Pearl Harbour, however, when labour shortages became increasingly serious as the country girded itself to meet a threatened onslaught, very much more drastic measures were called for. These were introduced under a number of far-reaching orders brought down in quick succession throughout 1942, the effect of which was to make war service universal.

Progressive measures were introduced to mobilize women for service in the armed forces as well as in industry. The Women's Auxiliary Air Force had been organized already and was followed early in 1942 by the recruitment of women for the Army Home Service Division, those volunteering undertaking clerical work, driving, cooking, mess-room and canteen service, signalling, and a wide range of specialized duties in connection with stores and maintenance. In June the Women's Royal Naval Service (New Zealand) was organized, while in July women were also invited to enlist for active service duties in artillery units as crews of predictors, night-finders, and telescopes. Subsequently, volunteers serving in the various branches of the army were formed into the Women's Auxiliary Army Corps, and the three respective women's services constituted as part of the defence forces, those enlisting in them being subject to the same disciplinary measures as the men who are serving on the home front. The age for enlistment is eighteen to forty-five, and service must be for the duration of the

war and one year thereafter. Recruiting is conducted through a special organization known as the Women's War Service Auxiliary, which serves to co-ordinate the work and training of all women anxious to take an active part in the country's war effort. This organization, developed under the presidency of Mrs. Janet Fraser, the wife of the Prime Minister, to-day operates in a wide sphere of activity and numbers many tens of thousands. In addition to recruiting and placing women for service in the fighting forces, in which connection it works under the Women's Armed Forces Personnel Board, the Women's War Service Auxiliary was also responsible for the early organization of the Land Army, the interviewing and classifying of girls who are drafted for work in essential industries, the formation of various groups for part-time voluntary war work, and the training of women for transport and dispatch services, first aid, motor engineering, canteen and clerical duties, and a host of other services.

Concurrently with this expansion of the fighting forces, far-reaching steps were taken to safeguard the position of war industry by freezing labour in essential occupations and restricting its movement into non-essential avenues of production; to tap all available reserves of man power by the compulsory direction of workers, both men and women, into essential industry; and to facilitate the speedy completion of urgent war work by assigning the highest priority to defence construction and the removal of all possible hindrances to increased output and man power economies.

The first step was taken on 31st January 1942, when certain industries were declared 'essential' to the war effort. Industries so covered included butter and cheese factories, coal mining, linen flax mills, timber milling, railways, electric power production, defence construction, and hospitals. In addition, the declaration covered some 300 designated undertakings, each of which was substantially engaged on war contracts and defence supplies. This initial list was added to continually during succeeding months and declarations of essentiality are now estimated to cover undertakings employing some 234,000 persons distributed as follows: manufacture of war supplies, 79,000; other export manufactures, 17,000; essential civilian manufacture, 16,500; transport, power, and fuel supply, 46,000; essential civilian services (hospitals,



government service, etc.), 75,500. Under these regulations, no employee in any 'essential' industry can terminate his engagement or transfer to other employment, nor can he be discharged without the consent of the Government working through its man-power officials. The obligation to serve in the armed forces, however, if called upon, is not affected by this order. To protect workers who are thus frozen in their jobs, provision was made for a guaranteed working week in those concerns declared 'essential.' In October a special order was issued fixing minimum weekly wages for those employed in such undertakings. The order provides that workers to whom it applies are entitled to a minimum weekly wage, exclusive of any overtime bonus or other special payments, of an amount equivalent to the worker's weekly earnings but not exceeding £5 10s. for an adult male worker, £2 17s. 6d. for an adult female, and £1 15s. for a junior worker.

To make still more certain that the continued drafting of men into the armed forces would not deplete the labour supply in those industries vital to the maintenance of the war effort, a further order was issued in May, requiring employers in specified fields of 'non-essential' industry to secure the consent of a district man-power officer before engaging labour. The first industries affected by this restriction included all shops (other than those engaged in the distribution of food, drugs, and fuel) and factories manufacturing beer, cordials, and non-essential foodstuffs, fancy goods, non-essential leather goods, jewellery, sporting requisites, furs and fur garments, shop fittings, radio sets, household refrigerators, washing machines, and apparel. If any employer felt that he had a case for special exemption because of the essential nature of his output or for any special reason, he was entitled to present his case for consideration to the Director of National Service. In November 1942 this order was amended to apply to all employers in specified districts (in effect, in all cities and urban areas), who must now secure the district man-power officer's consent before hiring any labour, unless that labour is to be employed in an undertaking declared to be essential, or in farming, market gardening, on ships, the waterfront, or unless the person concerned is a trained nurse. In all other cases consent must be obtained before employing a worker for a longer period than three days.

Meantime, earlier in the year the compulsory registration took place of men with experience in engineering, building, and timber work, and all men aged forty-six to fifty, as well as women aged twenty and twenty-one, who were called upon to hold themselves ready for transfer, if required, from non-essential to essential industries. These groups were later extended to cover also men aged fifty to fifty-nine and women aged twenty-two to thirty. Early in 1943 compulsory registration was further extended to include girls aged eighteen and nineteen and in 1944 to include women from thirty-one to forty. The general procedure adopted has been for those so registered to be interviewed by a man-power official, followed by classification and direction of the person involved into suitable employment, as the need arises. In the case of women, those eligible for war work are interviewed by a member of the Women's War Service Auxiliary working in conjunction with the man-power officer. On the basis of information so obtained, those who are available are then allocated to essential jobs as and when extra help is needed. The same machinery is provided for the direction of those offering to undertake work of national importance where they are not already so engaged. All persons directed into essential work in terms of these arrangements are entitled to be reinstated in their ordinary jobs at the end of the war on terms not less favourable than those obtaining when they left to undertake war service. In this respect they are treated in the same manner as if they had been soldiers called up for military service. Concurrently with these measures, those who had been called upon for service with the armed forces but graded medically unfit were interviewed by man-power officials to determine whether they should be transferred to essential industries.

Although persuasion was relied upon as far as possible in this process of diversion of man power to essential industry, 20,000 workers had been compulsorily transferred by March 1943, and a much greater number of others had been prevented from leaving essential work who would otherwise have changed their employment. These figures, of course, would not take account of the many thousands of others who moved into essential work in anticipation of a direction to do so, or who refrained from leaving such work out of consideration for the interests of the war effort.

On top of these restrictions, regulations were issued during May 1942 for the purpose of checking absenteeism in industry, which had been looming up as an increasingly serious impediment to all-in war. Under these regulations, district man-power officers were authorized to require employers to deduct from wages up to two days' pay in cases of persistent or habitual lateness on the part of workers, or of continuous absence of four hours or more from work. In addition the payment of the guaranteed minimum wage to workers in essential industries (see above) is conditional on workers not absenting themselves without proper cause.

To administer the regulations giving effect to control over industrial man power, an Industrial Man Power Division of the National Service Department was set up under a Controller of Man Power, and district man-power officers were appointed to handle local administration. Provision was made for hearing appeals against decisions and directions made by man-power officers by constituting four man-power appeal committees for this purpose. Finally, to assist in the administration of the regulations and to facilitate still further a total industrial mobilization, a number of advisory bodies were established under the title of man-power utilization councils and committees. Each council is a national body consisting of representatives of employers and workers in some important industry, together with a chairman and possible other representatives of the National Service Department and of other departments concerned with the industry from the point of view of the war effort. The main functions of these councils are to carry out rapid surveys of the industry and to develop proposals for improved organization with a view to the most economical use of man power and equipment in the industry. The man-power utilization committees, which are similarly constituted, are set up locally where such a course is recommended by the national council for the industry. The main function of these local committees is to act in an advisory capacity to the district man-power officer in such matters as the transfer or direction of workers into essential industry, the respective urgency of employers' labour requirements, the desirability of securing untrained labour or of securing trained workers from other districts, and so on. They are also required to investigate the case of each man in their particular industry who is called up locally

for military service and to make any appropriate recommendation to the Armed Forces Appeal Board. For this purpose, it is essential that the committee should possess a sound, detailed knowledge of the industry with which it has to deal in its own district.

The enlarged defence programme embarked upon early in 1942 involved a tremendous amount of building and construction, partly for the needs of New Zealand's own accelerated defence preparations, and partly to meet the requirements of the American forces who began to arrive in considerable numbers at this time. This brought about a critical man-power shortage in the building and construction industry and gave rise to several further important emergency orders designed to expedite the completion of urgent defence projects. The first move was to ensure absolute priority for defence works over all other activities, and to bring about proper co-ordination between all departments and agencies engaged in the execution of defence undertakings. To this end, a Defence Construction Council was appointed in March 1942, together with a Commissioner of Defence Construction who was to co-ordinate and control all construction work. His authority is extremely wide, enabling him to transfer workers to jobs from any part of the country, to take over material and equipment for urgent work, to determine the price at which contract work is to be carried out, subject to appeal by the contractor, and even to assume the management of concerns in the industry. To facilitate the working of this scheme, the provisions of all awards or voluntary agreements affecting conditions of employment in any industry engaged in defence construction were temporarily set aside. A flat rate of wages was prescribed based on the minimum award rate for forty hours and time and a half for an additional ten hours. The hourly rate thus calculated was payable for fifty-four hours (*viz.* the normal hours worked) and overtime for any time in excess of fifty-four hours, although later with the advent of winter the normal hours were reduced to forty-eight.

A guaranteed minimum weekly wage of £5 5s. (later increased to £5 10s.) was payable. No overtime or holiday or Sunday rates were to be payable for work done on such occasions. Longer hours were to be kept where necessary, and on certain jobs, where

it was possible, twenty-four hours a day were to be worked by utilization of shifts. It was this emergency measure which led to the special registration of engineering and building workers mentioned earlier. Every man from eighteen to seventy years of age who at any time during the past fifteen years had been employed for an aggregate period of twelve months or more in any engineering, building, or constructional occupation was required under this order to register for direction into work of national importance. The high age limit was decided upon after due consideration, as it was felt that various types of light work and work of a supervisory nature might well come within the competence of men sixty years of age and over. Next, as a further step towards completing defence construction work as soon as possible, wide powers of control over the allocation of all work, man power, and materials connected with the building trade were vested in defence building control committees appointed by the Commissioner of Defence Construction to function in various centres.

These successive steps virtually complete a scheme which brings the whole of the male, and a large portion of the female, population within the scope of the National Service Department. A post for every one and every one trained for his post, with the greatest equality of sacrifice and service, are the objectives at which the Government has aimed in its marshalling of the man power and the woman power of New Zealand.

As the dominion's strategic situation became less acute and the man-power situation more and more difficult, men were gradually released from the armed forces to return to essential industries. The first step was to allow skilled men out of the army for limited periods to return to work on their undermanned farms, or in coal-mines, or to assist in harvesting, freezing works, shearing sheds, and other seasonal occupations. Next, in July of 1942, the draft policy was modified to give effect to a War Cabinet decision that men engaged in farming should be left in their occupations for the time being, whilst those men already in the army, who had been drawn from the farming industry, and who had substantial grounds for desiring to return, were authorized to make application to resume their previous occupations. By early 1943, approximately 20,000 men had been released for various periods or indefinitely

from military service to return to essential civilian occupations. Those liable for overseas service, however, and those who had received a substantial proportion of their training, were withdrawn only under exceptional circumstances.

With New Zealand's development as the main supply base for American forces in the South Pacific area, increasingly heavy demands on agriculture, industry, and essential services made a thorough review of future man-power commitments in the light of military and non-military needs more than ever necessary. Plans for a substantial measure of man-power redistribution were drawn up accordingly and approved in March 1943, after they had been debated at some length in Parliament. The main feature of the scheme agreed upon, to which effect is now being given, was a reduction in the strength of the mobilized forces by the switching of a proportion of those mobilized to industry with a simultaneous expansion of the Royal New Zealand Air Force. Proper provision is to be made, however, for maintaining the New Zealand forces serving overseas in the Middle East and the South Pacific, together with coastal and anti-aircraft defences. Men who, under these arrangements, are shifted to industry, will constitute part of a sizable army reserve which can be quickly remobilized to bring the army back to full war establishment should the necessity arise. A large proportion of the members of this reserve, together with young men entering the military ages for the first time, will be required to undergo one month's camp training a year besides attending a minimum number of parades. Training is to be carried out, as far as possible, at industrially convenient locations. Youths in the army of eighteen and nineteen years of age are to be allowed to return to their civilian occupations if they so desire, while in order to increase the number of men who can be released from the army for more immediately important civilian posts, the maximum use is to be made of women volunteers.

## CHAPTER VII

### A WAR ECONOMY

THE recruiting and training of men for active military service is only one phase of the war effort which New Zealand has put forth. By virtue of her small population the potential contribution she is capable of making towards the armies, the air forces, and the navies of the United Nations is rigidly limited. As one of the richest and most fertile food-producing countries in the world, however, with a normally huge exportable surplus of dairy produce, meat, wool, and other foodstuffs and raw materials, New Zealand's importance as a source of essential wartime supplies cannot be over-emphasized. Pre-war preparations, therefore, proceeded on the assumption that the most immediate contribution New Zealand could make to the combined war effort would be that of supplying the people and industries of Britain in particular, and of other nations, with the food and materials required for the maintenance and well-being of their workers, their armies, and their civilian populations. Britain has, in fact, always been very much dependent on New Zealand butter, cheese, meat, wool, and other farm products, and with the loss of supplies normally drawn from Europe her wartime dependence on New Zealand's exportable surplus of these commodities became still greater.

Prior to September 1939 discussion had taken place between the United Kingdom and New Zealand on the subject of the supply of foodstuffs and other produce in the event of war. These discussions envisaged the United Kingdom Government becoming the sole purchaser of imported foodstuffs, and the Marketing Department becoming the authority in New Zealand responsible for the purchasing and shipment of the various food and other products of which New Zealand had an exportable surplus. Thus, immediately on the outbreak of war, the department, whose export activities hitherto had been largely confined to dairy produce, was ready to extend its operations to cover meat, wool, and such other commodities as the United Kingdom Government desired to purchase. An amendment to the Marketing Act giving the department

the necessary additional powers was passed in October 1939, and negotiations with the United Kingdom Government in regard to bulk purchases were commenced immediately. Within three months all the necessary arrangements for internal organization had been made, and the negotiations with the United Kingdom covering the first year of war had been largely completed.

As soon as war was declared New Zealand offered its full resources to the United Kingdom Government, including its exportable surplus of farm produce. The offer was not accepted in quite these terms, but annual contracts were entered into for fixed quantities of meat, butter, and cheese, while in the case of wool Britain undertook to purchase the whole of New Zealand's clip over and above domestic requirements for the period of the war and one year thereafter.

Thus for the first contract year, covering the 1939-40 season, the United Kingdom undertook to purchase, through the Ministry of Food, 115,000 tons of butter, 84,000 tons of cheese, and 300,000 tons of frozen meat. The ownership of this export produce is assumed by the New Zealand Marketing Department at f.o.b. ocean steamer (in the case of wool, at time of appraisal). This procedure was modified, in the case of dairy produce, in 1941, when new arrangements were introduced providing for payment to be made by the Marketing Department 'instore' instead of at f.o.b., the department assuming responsibility for all storage and other charges incurred after the first two months. The procedure followed in connection with the bulk purchase of meat by the New Zealand Government for shipment and sale to the United Kingdom was agreed upon in consultation with representatives of producers, freezing companies, and exporters. Under this agreement, the Government pays the freezing companies and exporters the fixed f.o.b. purchase price for all classes of export meat, the prices actually paid to growers being left in the hands of the operators, subject to approval of the price schedules by the Minister of Agriculture. A further condition of this arrangement is that operations of freezing companies, as regards both freezing services and buying activities, are subject to government audit. All shipping arrangements in respect of produce exported under bulk-purchase agreements are the responsibility of the Marketing



Department; the allotment of shipping space is made in consultation with the Overseas Shipowners' Allotment Committee.

Whilst these negotiations were proceeding the Government commenced a policy to ensure maximum production. The slogan 'increased production' quickly became an accomplished fact. A National Council of Primary Production, representative of all major phases of the industry, including government departments and farm workers, was set up as an advisory body to make recommendations to the Government on matters relating to the organization of agricultural and pastoral production to meet war requirements. The national council was in turn associated with district councils and local production committees, the latter consisting of five or six farmers whose local knowledge is an important aid in carrying out any production plan.

One of the functions of the central body has been to keep closely in touch with the supply position of all the essential requisites for increasing farming output, and to make recommendations to the Government for dealing with any shortage or threatened shortage of farm requirements. The advice tendered has covered practically every phase of farm organization—farm labour and finance; land development; stock feeds, fertilizers, and seeds; the supply of such things as fencing wire and shearing requisites—to mention but a few of the matters dealt with.

A Primary Industries Controller was also appointed and given extensive powers, under emergency regulations, to control or regulate in any way deemed necessary the production, processing, or utilization of all farm products.

With the progress of the war and because of restricted shipping, the United Kingdom had to establish definite priorities for certain foodstuffs. In deciding such wartime order of precedence a high place was given to cheese because of its nutritive value and because of the relatively smaller shipping space taken up by cheese compared with certain other foodstuffs.

In June 1940 the British Government accordingly requested New Zealand to give preference to the production of cheese. It was even urged that New Zealand should exceed, if possible, the increased contract figure of 107,000 tons for the 1940-1 season. This meant that, wherever practicable, dairy farmers who were

supplying cream to butter factories should change over to the supply of milk to cheese factories. As the request was not received until about the middle of June, the new season was practically under way before any organization in this direction could be established. Nevertheless, the job was energetically tackled and the Dominion's cheese production for export increased, in this one season, by no less than 25,000 tons—12,000 tons more than was called for by the contract.

In the case of butter, the quantity contracted for in 1940-1 (120,000 tons) was also greater than in the previous year, the United Kingdom undertaking to lift additional quantities over and above the contract figure should the shipping situation make this possible. Furthermore, although it was not embodied in the agreement, an understanding was reached with the United Kingdom Government during 1941 that the general arrangements for the purchase of New Zealand dairy produce would continue for the duration of the war and a subsequent period to be agreed upon. It was part of this understanding that the quantity to be purchased each year should be as near as possible, subject to shipping and other considerations, to the maximum quantity for which New Zealand was able to contract and that prices would be determined by negotiation in May of each year.

In the case of meat, however, the quantity which the United Kingdom undertook to purchase during the year ending 30th September 1941 was reduced to 248,000 tons. Since the amount of meat killed for export during the previous season had reached the record total of 347,000 tons, there was every prospect at the commencement of the 1940-1 season that the Dominion would find itself before long with a large surplus of frozen meat, for which no export outlet was available. In order to maintain the stability of the meat industry the New Zealand Government therefore gave a guarantee in March 1941 that all meat killed and passed for export during the 1940-1 season would be paid for irrespective of whether or not the total quantity killed could be shipped. The terms of this guarantee of purchase also provided for payment by the Government for meat in store and of storage charged in the event of undue delay in shipment.

Dairy farmers enjoy a similar assurance that the butter and cheese

they produce will be bought and paid for irrespective of the shipping situation, since this is an essential principle of the guaranteed price and marketing procedure introduced long before the war for the purpose of bringing stability to the dairy industry and security to the individual dairy producer. Another important group of primary producers was also protected against loss of export markets when the Government agreed to pay a guaranteed price for all the apples and pears grown in New Zealand and to assume the responsibility and financial risk of disposing of the entire crop. Thus, virtually every New Zealand farmer who is normally dependent on export returns is freed of any financial worry or uncertainty as to the future. In undertaking to buy his produce at a price that will guarantee him an adequate return, the Government accepts all the risks arising out of war conditions. The justification of this procedure is twofold. In the first place, dairy farmers, meat producers, and fruit-growers should not be expected to bear the full loss if their produce became unsalable. In the second place, the whole economy of the country would be seriously endangered if the basic farming industries were threatened with bankruptcy and chaos.

Various other emergency measures were adopted simultaneously to meet the situation. Canning capacity was expanded considerably, experiments were commenced with dehydrating processes, and arrangements were made for construction and installation of dehydration plants. Millions of additional cubic feet of cool storage space were constructed. At the outbreak of the war, steps had been taken to require all freezing works to provide increased cool storage space at their own expense, in addition to which arrangements were made for the purchase and importation on the Government's account of sufficient quantities of insulating materials to enable emergency cool stores to be erected. When the shipping position threatened to become serious in the course of 1941, still further additions were made to existing cool stores, the Government providing the necessary finance for this purpose and assuming full liability for the financial loss due to redundancy at the end of the war period. The completion of this further programme meant that altogether more than 8,000,000 cubic feet of cool storage space had been provided over and above normal requirements.

The result is that New Zealand can now face the future confidently, knowing that a whole season's production of meat can be stored should an emergency arise. Similar steps were taken at the same time to increase cool storage facilities for dairy produce.

Apart from changes in contract quantities, there were no radical departures during 1940-1 from the terms of the original bulk-purchase agreements. New contracts, however, were entered into covering linen flax, dried milk, and scheelite.

The accumulation in New Zealand by the end of May 1941 of stocks of butter, cheese, and meat awaiting shipment caused serious concern and led to discussions with the United Kingdom Government in regard to the whole problem of handling future surpluses. The result was the completion of a general purchase agreement differing in principle from the previous agreements which were on a definite quantitative basis. Briefly, this new agreement provided that: (1) the United Kingdom Government is to purchase and pay for all the New Zealand produce that can be shipped in any given season; (2) New Zealand primary industries are to make every effort to adapt their production to actual shipping possibilities—that is, by adopting every possible economy such as the deboning, canning, and pressing of meat, and the dehydration of butter, meat, and other products so that they will take up the minimum cargo space; (3) alternative markets are to be developed wherever possible; (4) reserve stocks of storable foodstuffs are to be agreed upon between the two Governments, and are to be determined in relation to (a) probable demands during or after the war, and (b) the importance of the industries to New Zealand; (5) the financial burden of acquiring and holding these reserve stocks, together with contingent charges in relation to storage, insurance, quality deterioration, etc., to be shared equally between the two Governments.

The conclusion of this agreement provided a definite basis on which the future financial obligations of New Zealand export trade with the United Kingdom could be determined. Secondly, it created a broad framework within which New Zealand's future primary production could be organized and directed. It should be noted, however, that the expectations of continuing large stocks

in New Zealand of butter and meat have not materialized. In fact, since the Surplus Agreement was concluded, liftings have been so satisfactory that stocks at the close of the 1941-2 production season were below normal peacetime levels.

Later in 1941 discussions were held in London with the object of establishing within the framework of the general purchase agreement a basis or target figure of annual production of cheese, butter, and meat for the period of the war and one year thereafter, in order that the New Zealand Government could plan for the future.

In the case of butter, it was decided accordingly that for the period of the war New Zealand should aim to produce for export approximately 115,000 tons per annum, this figure to be reviewed annually in the light of storage and shipping situations. The corresponding target figure set for cheese commencing with the 1941-2 season was 160,000 tons. This represented a switch from butter to cheese production and an expansion of the latter of considerable magnitude. It meant lifting the previous season's record cheese production for export by a further 43,000 tons, or a total increase over pre-war output of more than ninety per cent. Since time was the essence of the contract, authority was given the Department of Agriculture to direct individual suppliers to change over from butter to cheese where this was considered necessary, but the co-operation willingly given by the farmers themselves was such that in only a few cases was compulsion necessary. One of the principal difficulties was finding the new equipment which cheese factories needed for handling a greatly increased supply. In many instances both night and day shifts were worked in order to release milk cans to enable new suppliers to deliver twice daily instead of once daily.

A measure of the success achieved is the fact that during the 1941-2 season more than 153,000 tons of cheese were actually made available for export. To meet the costs incurred in New Zealand by the change-over, the contract price paid for cheese was slightly increased by the United Kingdom Government. The additional return received from this price increase was paid into a special account from which the Government met the expenses incurred in granting financial assistance to individual suppliers, the losses incurred by the Government from the provision of housing

for cheese factory workers, expenditure on emergency cool storage, subsidies paid to stabilize the cost of cheese crates, and, in addition, storage, interest, and insurance charges on produce awaiting shipment.

Under the surpluses agreement, the United Kingdom Government undertook to assume equal liability with the New Zealand Government for a total quantity of 301,500 tons of meat for the 1941-2 contract year. This included 190,000 tons to be exported frozen and 37,150 tons in canned form (the latter being equivalent to 111,500 tons in carcass meat). Any production (inclusive of a carry-over from last season amounting to 78,000 tons) in excess of this total contract figure was to be the entire responsibility of the New Zealand Government. In addition to this liability, both governments were to share equally in the cost of the meat coming within the surpluses agreement but remaining unshipped during the contract year. The United Kingdom, however, undertook to lift additional quantities of frozen meat if shipping space became available.

Fortunately for New Zealand, anticipated shipping difficulties did not eventuate and liftings of frozen meat were substantially in excess of the contract quantity. Instead of the 190,000 tons named in the contract, more than 300,000 tons of frozen meat had been exported by 30th September 1942, leaving a carry-over of only 44,000 tons, less than half that of the previous year. This meant that after allowing for the requirements of the armed forces in New Zealand and the Pacific area, cool stores were practically clear of export produce when the new season's meat started to arrive on the market. This satisfactory result was partly due to the fact that Australia, because of a drought and increased local consumption, had not been in a position to export.

In the case of meat also, the United Kingdom granted an increase in price as from 1st October 1941. Prices paid to producers in New Zealand, however, were maintained at their previous level, the increase being paid into a special Meat Pool Account, the purpose of which was primarily to provide a fund for maintaining the value of certain classes of meat not required for export and for meeting interest, storage, and insurance charges, together with the capital liability on emergency cannery plant and cool stores. It was

agreed between the Government and the interests concerned that any surplus remaining in the account at the end of the war should be utilized for the benefit of the meat industry.

It has now been arranged that commencing in 1943, bulk-purchase agreements for meat will henceforth be based on a calendar year ending 31st December, instead of a production year ending 30th September as formerly. On this basis, the United Kingdom Ministry of Food has undertaken to purchase meat during 1943 up to the total quantity shipped in the calendar year 1942, which is estimated at 328,000 tons inclusive of the carcass equivalent of canned and dried meat, and inclusive of shipments to the Middle East. In order to reduce the proportion of this total quantity for which refrigerated space is needed, New Zealand has been asked to expand canned and dried meat production to the maximum extent possible. The increased quantities of canned meat called for have necessitated considerable reorganization of the canning industry, the purchase of new plant, and the erection of additional cannery buildings and accommodation. Finance for this work was arranged under provisions similar to those relating to the erection of emergency cool storage. Experiments initiated in 1941 in connection with the dehydration of meat having met with considerable success, a contract was placed by the United Kingdom Government for 1,200 tons of dehydrated meat per annum, later increased to a minimum quantity of 2,500 tons.

For the dairy industry the 1942-3 season brought a further major switch—this time in a reverse direction. Owing to anticipated large supplies of cheese from North America and to a developing shortage of fats and oils in the United Kingdom, New Zealand producers were asked to swing back once again to the production of butter. It was urged that the target for cheese should be reduced from the previous year's figure of 160,000 tons to not more than 90,000 tons, and that production of butter should be lifted to the maximum. An order was accordingly issued by the New Zealand Government directing all suppliers who, during the past two seasons, had changed over from butter to cheese supply, to revert to the creamery which they had supplied during the 1939-40 season. Later in the season, when supplies of cheese did not reach the United Kingdom in the quantities anticipated, New Zealand

was requested to ship all the cheese she could make available without lessening the production of butter.

With a view to effecting a saving of shipping space, experiments were conducted in the conversion of butter into dehydrated butter-fat for shipment as non-refrigerated cargo. Trial consignments during 1942 having proved highly successful, the United Kingdom entered into a contract with New Zealand for the purchase of 10,000 tons or such larger quantity as may be produced in the period ending 31st July 1943. A plant has accordingly been established for the manufacture of dehydrated butter-fat, and consideration is being given to the erection of a number of shadow factories as an insurance against any deterioration of the shipping position.

Other main export commodities handled by the Marketing Department under its emergency wartime powers are wool, tallow, hides, and skins. The contract with the United Kingdom Ministry of Supply for the bulk purchase of wool places New Zealand's total exportable surplus at the ministry's disposal. Arrangements have been made, however, for the release of certain quantities for export to other countries, notably Russia, Canada, United States, Australia, and India. Under the terms of the agreement, profits arising from sales of New Zealand wool for use outside the United Kingdom are to be shared equally by the two governments. The needs of war create a particularly strong demand in the United Kingdom and elsewhere for the coarser types of wool which New Zealand produces. Hence only limited quantities of the dominion's clip are available for resale elsewhere, and the profits which would otherwise accrue to New Zealand are restricted accordingly. To compensate New Zealand for the disadvantageous position in which she is thereby placed as compared with other wool-exporting countries, the contract with the United Kingdom provided for the payment of a slightly higher initial price for New Zealand wool. Although this was operative for the duration of the war and one year thereafter, provision was made for an annual review of prices, but the schedule agreed upon for the 1939-40 clip remained unchanged until May 1942, when, as a result of Australia's receiving a 15 per cent increase, the United Kingdom made a corresponding adjustment in the prices paid to New Zealand. In



pursuance of its economic stabilization policy, however, the New Zealand Government decided that of this 15 per cent increase, 5.75 per cent is to be paid to growers in the form of Government stock bearing 3 per cent interest, approximately 1 per cent is to be retained to cover the difference between appraisal values for export wool and prices charged for wool sold in New Zealand for local use, and the balance being paid out in cash. Wool is not a commodity the production of which can be readily increased by any short-term plan. New Zealand farmers have, nevertheless, been able to assist in this direction by intelligent selection and culling, and by close attention to scientific management, with the result that quantities of wool exported during the war have been maintained at a consistently high level, more than 957,000,000 pounds having been appraised for shipment overseas from September 1939 to September 1942.

In the case of tallow, a contract was entered into with the United Kingdom Government for the purchase of the total surplus available for export during the year ending 30th September 1940. This contract was not renewed for the next two years, but the New Zealand Government gave first preference to United Kingdom requirements. For the 1942-3 season, a contract was again made with the United Kingdom for the purchase of New Zealand's whole export surplus, estimated at 50,000 tons.

Hides and skins normally rank as New Zealand's most important export commodity, after dairy produce, meat, and wool. Since the beginning of the war, woolly sheepskins have been the subject of a bulk-purchase agreement with the United Kingdom covering the dominion's normal export surplus, a special Sheepskin Control having been set up in New Zealand for conducting the purchase and sale of skins on behalf of the Marketing Department. Hides are not subject to any bulk-purchase arrangement, but action was taken by the Government on the outbreak of war for the purpose of controlling their export and stabilizing the prices of hides for local requirements. In February 1940 it was decided to equalize the value of hides for local use and for export respectively by means of a levy on exports designed to even up the difference between local 'standard domestic values,' fixed at 1st September 1939 prices plus twenty-five per cent, and export values. The administration of this

scheme was entrusted to a Hides Committee operating under authority conferred on it by the Minister of Marketing.

New Zealand's importance as a supplier of foodstuffs, as well as the strenuous efforts which her farmers have made to fulfil their obligations, can best be judged by the spectacular results achieved in terms of quantities of butter, cheese, and meat actually sent to Britain in the course of three full years of war. A comparison with the corresponding quantities exported during the three years preceding war reveals the extent to which output of these essential commodities, in spite of an eleven per cent reduction in man power, has been not only maintained but very considerably extended.

|                  | <i>Exports for three<br/>years ending<br/>30 September 1939</i> | <i>Exports for three<br/>years ending<br/>30 September 1942</i> |
|------------------|---|---|
|                  | <i>(Quantities expressed in pounds)</i>                         |   |
| Butter . . . . . | 906,000,000   | 828,000,000   |
| Cheese . . . . . | 555,000,000   | 803,000,000   |
| Meat . . . . .   | 1,730,000,000   | 1,919,000,000   |
|                  | <hr/>   | <hr/>   |
| Total . . . . .  | 3,191,000,000   | 3,550,000,000   |

There is one final point in regard to these supplies, however, that is worth stressing. The New Zealand Government has consistently adopted the policy of not pressing the United Kingdom Government for higher contract prices. They have deliberately refrained from any attempt to exploit the war situation to the advantage of New Zealand and have taken the view instead that it is New Zealand's solemn duty to furnish the maximum supplies that she can make available at the cheapest price for which they can be made available as a contribution towards the winning of a war in which New Zealand no less than Britain and other countries of the Commonwealth has a most vital stake. In the case of meat and wool, it is true that price increases have been received, but only because the United Kingdom Government has agreed that when it buys at a higher price from another country the contracts with New Zealand will be adjusted accordingly, while the somewhat higher prices received for butter and cheese have been granted voluntarily, as compensation for increased costs which the New Zealand dairy industry has had to face in order to comply with the

United Kingdom's specific requests. To ensure equity when carrying out a stabilization policy it is essential that the prices of imported commodities which enter into the production cost of commodities sold at stabilized prices should be adjusted also, and discussions are proceeding with the United Kingdom Government with a view to adjustment of costs of commodities imported into New Zealand since the outbreak of war.

In addition to meeting export requirements of the main pastoral products, efforts have also been made to expand the production of other locally grown foodstuffs for the purpose of ensuring sufficient supplies for New Zealand and American armed forces and for the civilian population. New Zealand has set out to become self-supporting in wheat, which necessitates a twenty per cent increase in that crop over pre-war figures. It has been necessary to arrange for the growing of greatly increased areas of supplementary forage crops and in all parts of the country increased acreages have been sown. The yield of cash crops, that is crops for sale off the farm and not for stock feed, has been increased by fifty-nine per cent, while the labour available for this class of work has decreased by seventeen per cent.

Military requirements have placed a severe strain on the normal supply of fresh vegetables and special arrangements have been made by the Department of Agriculture for the leasing of land, the acquisition of plant and machinery, and the securing of the necessary labour, with a view to growing large additional supplies, most of which will be furnished direct to army, navy, and air units both within New Zealand and in the Pacific.

Another development in New Zealand's primary production programme is the establishment of an entirely new industry—linen flax. A few months after war was declared, Great Britain asked New Zealand to sow 500 tons of seed, and after consultation with farmers, 14,000 acres of linen flax were sown during the 1940-1941 season. Machines were built for harvesting the crop and factories erected for processing operations. Within nine months this new industry had been successfully established with a quality and production volume equal to the pre-war industry of northern Ireland. By 1943, 1,000 farmers were growing 23,000 acres of linen flax; 250 pulling machines for harvesting the straw and

seventeen fully equipped factories employing 1,200 workers were in operation—all the machinery necessary having been manufactured in New Zealand; and 200 tons of fibre were being forwarded monthly to the spinning mills of Britain.

Linen-flax production, as well as other wartime agricultural developments, though intended initially to meet an emergency situation, may well prove of major importance from a post-war point of view. For some years past there has been a definite feeling that New Zealand's long-term interests would be served best by a greater diversification of farming activities. There has been serious questioning of the wisdom of placing overmuch reliance on an assumed indefinitely expanding overseas market for the main pastoral products which New Zealand is, by environment and acquired efficiency, so well fitted to produce. Trade barriers, on the one hand, and declining populations, on the other, seemed to point rather to the possibility that export opportunities for these products would become gradually more restricted. I trust that the economic organization of the post-war world will prove these fears to be groundless, but the fact remains that New Zealand has everything to gain by enlarging the scope of its agricultural industry, and many of the new developments which the war has stimulated should have permanent value for this reason.

Among the problems which confronted New Zealand's primary producers following the outbreak of war, perhaps none was so pressing as that affecting fruit-growers who, in pre-war years, had enjoyed an export trade in apples to the extent of approximately one-third of the total crop. War necessitated the utilization of all available shipping space for more essential produce, and thus the fruit-growing industry was faced with the prospect of a catastrophic fall in prices, with the full production being thrown back on the local market. The Government, therefore, came to the industry's rescue by agreeing to purchase the entire crop at a price estimated to give growers an adequate over-all return, and to take over full responsibility for marketing the fruit. The Internal Marketing Department, to whom this job was entrusted, made arrangements with wholesale fruit merchants throughout the country to handle the fruit on a consignment basis while a vigorous advertising campaign was embarked upon during the first season with a view to

stimulating consumption. As a result of these and other measures successive crops have since been marketed successfully, although not without some financial loss to the Government; offsetting this is the fact that a large and important industry has been kept alive. Another progressive measure, that owed its origin to the conditions brought about by the war, was the free distribution of an apple a day to every child during the months when apples are in plentiful supply. During 1942, however, the marketing problem, so far as apples were concerned, became one of meeting a scarcity rather than of disposing of a surplus as a result of the heavy inroads made on available supplies by American and New Zealand armed forces.

New Zealand farmers have had many difficult problems to contend with, not least of which has been a serious shortage of farm labour. In common, too, with other sections of the community, they have been faced with material and equipment shortages at a time when abnormally heavy demands have been made upon them for greater and still greater output. Some increases have occurred in farming costs, although, in a great majority of cases, farm incomes have risen at least to the same extent. Their interests, however, have by no means been neglected, as evidenced by the payment of subsidies, by the provision of additional finance for farm improvements, by the steps taken to better housing conditions in rural areas, by the release of many thousands of men from the armed forces to return to farming occupations, and by the recruitment and subsidization of additional farm workers. Intensive research and experimentation into new methods and processes, notably in connection with dehydration, the stabilization of some of the major costs entering into farm production, and many other measures of assistance to the farmers of New Zealand have been provided by the Government in order that their all-important contribution to the production effort may be maintained.

Summing up, it may be said that the general aims of this effort are: (1) the production to the maximum of those foodstuffs and materials which are vitally needed for New Zealand, Great Britain, and other United Nations, such as dairy produce, meat, wool, and linen flax; (2) the production to the fullest extent necessary of supplies needed by the United States and New Zealand armed forces in the Pacific area, including particularly vegetables, potatoes,

fruits, pork and bacon, eggs and poultry; (3) the production of whatever can be used to maintain New Zealand's production of such cereals as wheat, oats, barley, or seeds and cash crops generally; and (4) the laying of a foundation for the production of food and necessary raw materials to the maximum extent during the period of post-war reconstruction.

If the farms of New Zealand are contributing their full quota to the production programme, so are the factories.

In the past, New Zealand has specialized in producing farm products for export. The funds received from the sale of these exports have been used to pay for much of the industrial equipment and many of the consumer goods that she has required. One result of this extreme economic specialization was a lack of manufacturing development. During the years immediately prior to the war strenuous efforts have been made to extend New Zealand's 'secondary' industries. This was done, not for the purpose of achieving self-sufficiency, but in order to foster the fullest utilization of the country's raw material resources, to extend the avenues of employment, and generally to promote a more diversified domestic economy less subject to sudden and violent fluctuations occasioned by price movements overseas. New Zealand had experienced, between 1931 and 1935, the disastrous consequences of a highly dependent economy and was determined to make the maximum preparation to avoid being caught again with all her eggs in one basket. By seeking a better balance between 'primary' and 'secondary' industry it was felt that the impact of any future slump in export values could be cushioned, at least, and the damage caused to the whole economic structure of the dominion lessened correspondingly. This urge towards greater industrial expansion was accelerated with the outbreak of war, and the necessity which then faced New Zealand of meeting the needs of her own forces and civilian population, so far as possible, from her own resources.

This has placed a heavy strain on her factory and constructional industries. Theirs has been a threefold task. In the first place, they have had to switch over, wherever possible, from supplying peacetime needs to fashioning implements of war; from the manufacture of parts for locomotives to the production of high-explosive

bombs; from the assembling of motor cars to the assembling of armoured fighting vehicles; from the building of small pleasure craft to the construction of powerful anti-submarine launches. To the executive or worker in a British factory or shipyard, New Zealand's defence production programme may seem modest indeed. Yet in relation to resources, equipment, and man power, her accomplishments in this field during over four years of war are of no mean order. It was not so much a problem of converting large-scale mass-production plants to war needs because such plants, generally speaking, did not exist. The problem was primarily one of utilizing to the best advantage the facilities actually available. These comprised, for the most part, small engineering establishments, workshops, garages, and manufacturing concerns, few of which had achieved any degree of specialization in their operations or output. Considerable ingenuity and organizing effort were demanded, therefore, in the building up of a wartime munitions industry.

In the second place, those industries already well established and equipped for supplying military requirements such as uniforms, boots, blankets, and foodstuffs have had to meet demands far exceeding their normal peacetime capacity. In some cases buildings and plants have been extended, but, owing to the difficulty of obtaining the necessary tools and equipment from abroad, the demands of the armed forces have usually been met by the re-organization of industry on a basis of shift work, a greater degree of specialization, and more efficient co-ordination of activities and operations where the industry is one comprising a number of relatively small and scattered units.

In the third place, New Zealand factories have had to maintain the supply of civilian-consumed goods at the highest level possible under war conditions. This has meant a substantial increase in the output of those industries using materials of a domestic origin in order to meet essential civilian in addition to military requirements and to compensate, in some measure, for the very much curtailed supplies of those consumer goods which normally are imported.

From the point of view of heavy war equipment New Zealand is at a serious disadvantage as compared to countries like the United Kingdom, the United States, Canada, and Australia, whose

industrialization is considerably more advanced. Lacking as she does an iron and steel industry, and having to rely on distant overseas sources for most essential metals, precision tools, and capital equipment generally, New Zealand cannot hope to achieve any high degree of self-sufficiency in the manufacture of war materials. Although her plants are not organized on a large scale they are nevertheless extremely diversified and, since September 1939, amazing progress has been made in switching over to the making of munitions and equipment for the military forces.

New Zealand's heaviest industry, prior to the war, consisted of railway workshops which had regularly turned out rolling stock for the railway system. After war broke out, the light engineering industry of New Zealand based on the railway workshops was converted within a short period to the job of producing munitions and war equipment of various kinds.

Those industries already well established, including, for example, the woollen, boot and shoe, and clothing industries, have been expanded to the point where the dominion is now supplying all its own needs, both military and civilian, although the heavy demands made by the armed forces have necessitated fairly severe rationing for the non-military consumer. In fact, New Zealand has done rather better than this since substantial supplies have been made available for shipment to various war theatres.

New factories, too, have been erected to produce intricate equipment, the production of which, just a year or so before, would have been considered as beyond the dominion's capacity, resources, and technical skill to undertake.

One of the factors which contributed to the expansion of manufacturing capacity in this direction was New Zealand's undertaking to pool her entire resources and industrial facilities with the countries represented on the Eastern Group Supply Council. This body was formed in the early days of the war for the purpose of developing to the maximum the war potential of all the Allied territories east of Suez, including South Africa, India, Canada, Australia, New Zealand, and the Netherlands East Indies. As part of her contribution to the combined production programme, New Zealand undertook to fulfil orders covering a varied assortment of articles for different theatres of war within the eastern group, and including



such items as universal carriers, hand grenades, mortars, bomb fuses, blankets, uniforms, hats, shirts, boots. Developments in the Pacific during 1942 had the effect of limiting, to some extent, the operations of the council, but in many spheres of war production and in many places, not least in New Zealand, the programmes it initiated are to-day adding significantly to the flow of vital materials and warlike stores.

In spite of the heavy withdrawal of man power from production the number of factory workers in New Zealand has risen slightly since the outbreak of war, due largely to the recruitment of women and the return to industry of older men. This does not, by any means, give the full picture, since wide variations have occurred in the number of persons engaged between one industry and another, depending on the extent to which each is participating directly in the war effort, or is essential to the maintenance of the civilian economy on a wartime basis. Thus, in the case of engineering, iron and brass founding, woollen mills, footwear, leather, hosiery, and biscuit manufacturing, employment figures are much above pre-war levels, whilst heavy decreases have occurred in such industries as the manufacture of furniture, motor engineering, printing, and publishing. Early in 1943, fifty-eight per cent of the workers employed in major manufacturing establishments were engaged exclusively on military contracts; eighty-four per cent of the output of New Zealand's engineering plants was exclusively for war purposes. Thus, thoroughgoing mobilization of man power for war service has been accompanied by an equally thoroughgoing mobilization of plant and industrial facilities for war production.

Every article of clothing worn by the man in the New Zealand forces is made in the dominion. Every piece of equipment that he carries, except his rifle and bayonet, is to-day the product of a New Zealand industry.

In military camps throughout the country and in the South Pacific island territories which New Zealand forces are defending, the tents, hutments, and equipment of all kinds have been made in the dominion. In the hospitals only highly specialized surgical equipment and certain drugs are obtained from abroad.

Although New Zealand's war industry is not in a position to

produce heavy ordnance, factories in different parts of the country are turning out mortars, bombs, tommy-guns, shell fuses, grenades, and small ammunition by the hundred thousand. Bren gun carriers and armoured cars are coming off the assembly lines in increasing quantities every week, and the parts for these are made in New Zealand.

Minesweepers and other naval small craft are now being put into service in steadily increasing numbers. War-scarred vessels are being refitted for sea again. Airmen trained in New Zealand receive their first flying lessons in aeroplanes, the bodies of which are built in the dominion. All army motor trucks are assembled at large assembly works established in Wellington and other centres, where the construction of bodies is also undertaken. All office furniture and equipment used in the services are now local products. Paper and wax paper, cardboard and carton board, required to-day in enormous quantities for war purposes, are being produced in New Zealand factories.

In another sphere, not usually classed as manufacturing but of tremendous importance to the war effort, valuable work is being done by a large group of science graduates and industrial technicians under the leadership of some of New Zealand's best scientists. One cannot at this stage disclose all that these men are doing; one can only say that they are producing drugs and scientific apparatus and equipment vitally essential to the prosecution of the war.

Another important phase of New Zealand's industrial war production, an entirely new field of activity for the dominion, is ship-building. On the basis of a very small industry producing pleasure craft and small trading vessels, the construction of composite steel and wood mine-sweepers, Fairmile patrol vessels, and other types of smaller naval vessels has been successfully organized. Crash boats for the air force, barges for navy requirements, and similar craft for services in the Pacific waters north of New Zealand have been constructed also. In addition, New Zealand ports have been equipped with the necessary facilities for undertaking repair work to ships damaged by mines, torpedoes, or bombs.

In still another phase of the industrial effort, that of defence construction, a tremendous volume of work has been undertaken, particularly during the strenuous year that followed the setting up,

early in 1942, of a Defence Construction Council. This body served as a vital link between the Government, the services, and the organizations that have carried out the thousands of major construction contracts involved in the defence programme. With the full mobilization of New Zealand's defence forces to meet the threat from Japan, and the arrival of increasing numbers of Americans *en route* to South Pacific war fronts, it became necessary to provide at short notice greatly extended accommodation, hospital, warehouse, aerodrome, and similar facilities. For the following account of how this problem was met, the writer is indebted to the New Zealand *Standard*; in which the work of the Defence Construction Council was reviewed for the first time on 18th February 1943.

Practically all private building was stopped. An instant check was made of all building material, and this revealed woeful shortages. Shipping restrictions over a long period had made it possible to import only bare necessities. Substitutes had, therefore, to be found in New Zealand, new factories had to be built, existing ones enlarged, and new internal sources of supply tapped. Man power came under close review. Already the building industries had contributed heavily to the armed forces. But as non-essential works were stopped and workmen were diverted, the impossible became possible. The entire building industry was put on a complete war basis. The old system of tendering went by the board. It could not be adapted to the urgency of the hour. It had, indeed, broken down under the comparatively light stress of construction that followed the outbreak of war. Firms were securing work on the lowest tender without having the necessary organization or sufficient materials. Uncompleted jobs piled up.

An entirely new and realistic system was adopted by the Government, based on a fixed master schedule of prices, carefully prepared with the co-operation of contractors, quantity surveyors, and building experts. This made it possible to allot a contract to a builder with a price fixed, but on such a basis that his only chance of making a reasonable profit was to work speedily and efficiently. When a job is finished it is measured by Government experts and priced on the master schedule. Only five per cent for profit and two and a half per cent for overhead are allowed. War profiteering

on defence building contracts has become a dead letter in New Zealand.

Two of the keys to success were standardization and co-operation. There have been no strikes, no wrangling, no petty disputes. The whole scheme has gone ahead with remarkable smoothness. Builders, merchants, local bodies, unions, and the armed services have worked in unison throughout. The development of standardization is a story in itself. It involves the simplification of plans, layouts, equipment, and the repetition of entire buildings. It aimed, in the first place, at speed, but has achieved economy as well.

Perhaps the most spectacular development has been in prefabrication. In the first place, certain small buildings were made in sections and assembled on their sites. Then whole camps were prefabricated. Now buildings for overseas posts can be fabricated in pieces in a few days, shipped, and erected by unskilled labour in the minimum of time by a technique that has been developed to such a degree that large warehouses, tropical huts, etc., can be turned out, not by the hundred, but by the thousand—each one packed flat and complete to the last detail.

How accommodation was provided for the first American forces to arrive in New Zealand is a remarkable story of achievement. In less than a month, bare paddocks were covered with orderly rows of huts, messrooms, cook-houses, ablution benches, drying rooms, storerooms, and even hospitals. Whether in isolated spots or near townships, these camps were fully reticulated with power, water, sewerage, and surface drainage. The engineering difficulties of such an undertaking were enormous. At one of the camps a water supply capable of filling the needs of one of New Zealand's larger provincial towns had to be furnished. Similarly a complete sewage disposal plant had to be installed. Each of these operations would normally have occupied several months, but under the conditions then facing New Zealand, time had to be reckoned in days. Fleets of bulldozers levelled parade grounds and gouged out a network of roads. Prefabricated buildings, constructed in workshops in every part of New Zealand, arrived by ship, rail, and road, and were speedily erected. The Americans had hoped, at best, for a level paddock with a water supply. They were amazed to find complete camps awaiting them.

Accommodation has been built in New Zealand for personnel equal to the population of the dominion's second largest city. And this provides for every facility of a modern city—recreation rooms, theatres, hospitals, ambulances, ration and clothing stores, shops, laundries, dispensaries, workshops, vehicle repair shops, offices, churches, and fire stations; also complete drainage, water supply, electrical supply, telephone exchanges, and roading.

In addition to medical facilities in the camps, nineteen hospitals have been built with a total capacity of 9,400 patients. These hospitals have been built at breakneck speed, but they lack nothing in comfort and equipment. For the most part they are of one story, designed on typical New Zealand lines, spreading over a wide area to ensure the maximum of sunshine and air. The new military hospital at Cornwall Park, Auckland—itsself as large as the Auckland Public Hospital—is a miracle of speedy and efficient construction. It comprises 172 separate buildings and has a total floor space of 350,000 square feet—approximately eight acres. Provision has been made for 1,500 patients. The Hobson Park military hospital at Auckland, in use by the United States military forces, introduced steel prefabrication to New Zealand. This was added to substantially by wards designed in New Zealand and this institution has a floor area as great as the Cornwall Park Hospital.

Housing the heavy volume of military stores that has flowed into New Zealand has proved a difficult problem. But here, again, all demands have been met. Huge stores have been rushed up all over the country, and already aggregate 4,000,000 square feet, equal to 100 acres. But that, again, is only part of the tale, for the army and navy have vast and numerous magazines, and the air force reckons its bomb stores in many thousands of feet. There have also been constructed forts, gun emplacements, field defences, naval institutions, and static posts, and other major works costing millions of pounds which cannot be described for security reasons.

Aerodrome construction on a large scale actually started in 1937. The programme was prepared in stages and, as the war clouds gathered, previously prepared plans were brought into operation. In September 1939 construction was already in top gear, and only a

series of telephone calls were needed to launch full-scale operations. To meet the needs of heavier and more numerous aircraft hundreds of men and the most up-to-date plant were rushed to vital areas. Work went on without a stop. The dominion is now guarded by 100 aerodromes covering 10,000 acres. Many of the landing grounds have metalled runways for all-weather operations. This alone was a gigantic undertaking, totalling in the aggregate 108 miles. To bring some of the major aerodromes up to the most modern standard, concrete runways and paving were laid. This, too, was carried out in record time, and represents over sixty-eight miles of highway.

Man power and materials have been the yardstick controlling the construction programme. The average man power in the field has been 6,000 tradesmen, with hundreds of executives and office staffs behind them. To make the best use of this force the Commissioner of Defence Construction divided the country into seventeen districts, in each of which the master builders were formed into a single organization. At the head of each of these associations was set up a small committee of builders and union representatives, which worked in concert with the man-power and Public Works Department officers. All contracts are handled by these committees, which nominate a contractor or group of contractors to undertake work in accordance with man power and equipment. There is a direct responsibility on each committee to see that urgent jobs are properly manned.

The organization of the supply of materials has been carried out with equal smoothness. Cut off from many of the customary sources, it became necessary for New Zealand manufacturers to provide substitutes. At one stage there was no roofing material for army huts. This was overcome temporarily by using a locally made wall-board, impregnated with tar. Iron was replaced by asbestos. Substitutes were found for the non-ferrous metals. New specifications and construction methods enabled imported materials to be eliminated. Heavy demands have been made on the timber industry, and here again there has been a magnificent response. The dominion's full peacetime production of timber, 350,000,000 feet, has been maintained despite shortage of man power and transport.

Some minor inconvenience has been caused to householders during the winter by restrictions on the use of electricity. This has been due to two factors, shortage of generating equipment and military demands. When these demands are analysed it is found that seven camps alone consume over ten million units a year almost exclusively for lighting, while the air force consumes an additional thirty-one million units annually. The drain on electrical equipment has been heavy. Not only has it been necessary to install apparatus for lighting, power, heating, and cooking throughout New Zealand, but many miles of overhead and underground cables have had to be laid and new generating stations erected.

Over 150,000 cubic feet of refrigeration have been provided for the services in New Zealand, and an additional 350,000 feet has gone overseas. All this equipment has been obtained in the dominion, most of it being manufactured from New Zealand materials.

New Zealand's chief difficulty lies in getting essential supplies of materials and plant from abroad. To ensure continuity of operations the Government has been active in making arrangements whereby adequate stocks of basic materials are obtained, and it is undertaking bulk purchases for distribution as and when required. Supply organizations are maintained in London, North America, and Australia, and these work in with the supply authorities in New Zealand itself to assist manufacturers in maintaining output of material and equipment for war purposes.

The year 1942 witnessed a considerable expansion of the activities of the supply organization in New Zealand due to the necessity for meeting overseas requests for consolidated orders in respect of many materials vital to the war-production programme. Developments in connection with lend-lease arrangements particularly made it necessary to establish within the Ministry of Supply administrative machinery for carrying out many tasks associated with the ordering, shipping, and distribution of imported equipment and materials previously undertaken by private enterprise.

At the head of the supply organization in New Zealand is the Minister of Supply, who has the advice of a Supply Council composed of representatives of Government, industry, and labour.

This supply department, organized under the control of the minister, with three executive heads and thirteen controllers who, in the main, have been drawn from the ranks of the civil service as previously mentioned, has been given extensive powers to ensure that all available resources are used to the maximum and that, wherever possible, labour, materials, and equipment are diverted from non-essential to essential production. It has been the job of the Factory Controller, for example, to co-ordinate output between the various factories engaged on war contracts, to facilitate the regular and adequate flow of materials, reduce waste, eliminate bottle-necks, and speed up production wherever he is able to do so.

Similarly, the Building Controller possesses wide authority over all new building construction involving the use of scarce materials. In this respect he works in close association with the Commissioner of Defence Construction.

The activities of the various controllers are co-ordinated and supervised by the executive heads—the Director of Production, who supervises the requirements of the Factory, Munitions, Shipbuilding, Radio, Salvage, Electricity, Timber, and Mining Controllers; the Commissioner of Supply, who supervises the activities of the Food, Medical Supplies, Oil Fuel, Rationing, and Shipping Controllers, and who also undertakes the direction and planning of New Zealand's overseas requirements, the placing of requests under lend-lease, and the procurement of goods by consolidated orders, together with the subsequent distribution of these imported supplies; and, thirdly, the Secretary for Industries and Commerce, who has supervision of the Wheat and Flour Controller, of New Zealand flax and linen-flax production, tobacco growing, the Bureau of Industry, the New Zealand Standards Institute, and the Price Investigation Tribunal, which is the authority charged with responsibility for regulating prices. The Commissioner of Defence Construction, now Commissioner of Works, organizes and controls all building and constructional work throughout the dominion.

Representatives of the Joint Purchasing Board of the American forces in New Zealand and representatives of the United States Office of Lend-Lease Administration are invited to attend meetings



of the Supply Council when matters affecting supplies for the American forces or questions relating to New Zealand requirements under lend-lease are under consideration.

Under the Lend-Lease Act of 11th March 1941 the President of the United States was authorized to make supplies of war and essential materials available to the United Nations and to receive in return similar aid from other countries. The system of lend-lease and reverse lend-lease that has since been evolved has, without question, done more to weld together those nations in the anti-Axis camp, and to promote the most effective possible use and disposition of combined resources in the interests of the combined war effort, than any single development since the war commenced. New Zealand, in common with the other nations of the British Commonwealth, began early to benefit under the lend-lease arrangement by securing equipment and materials urgently needed for repairing the major deficiencies in her defence preparations. From the United States there came finished war materials, military equipment, munitions, naval stores, as well as raw materials for war industries and for the maintenance of essential civilian services. This flow of lend-lease goods to New Zealand commenced about the middle of 1941, and although the volume in the earlier months was relatively small, it constituted an addition of the utmost importance to the meagre and altogether inadequate war supplies available to the dominion at that time. Throughout 1941 this traffic was almost wholly one way, but early in 1942, as American forces moved down into the South Pacific, lend-lease assistance in the reverse direction gradually came into being, growing rapidly in volume and in value as the months passed. These arrangements for reciprocal aid between the United States and New Zealand were confirmed by an exchange of notes at the State Department, Washington, on 3rd September 1942, when similar agreements were conducted at the same time between the United States and other nations who had been receiving and returning lend-lease assistance. The object of these reciprocal-aid agreements was to ensure that supplies are drawn from the countries best able to furnish them with a minimum wastage of shipping space and a maximum pooling of all United Nations resources for the most effective use against the enemy.

Concurrently, it was announced by the United States Lend-Lease Administrator, Mr. Edward R. Stettinius, jun., that supplies already received by the American forces in the South and South-west Pacific areas from New Zealand and Australia had reached large proportions. Referring specifically to New Zealand's assistance, Mr. Stettinius stated in the course of a comprehensive review of reciprocal lend-lease aid to the United States:

New Zealand, a country with a population of less than 2,000,000, has provided almost 1,500,000 dozen eggs, over 2,000,000 lb. of butter, 3,000,000 lb. of sugar, and 16,000,000 lb. of beef, mutton, and pork. The supplies of food already furnished to the United States had resulted in serious civilian shortages both in Australia and New Zealand of meat, dairy, and egg products, vegetables, and canned goods. In addition, both New Zealand and Australia had undertaken large-scale expansion of farm production to grow more foods for American troops. They were also expanding the food processing industry to provide more canned and dehydrated food rations for United States forces in the Solomons, New Guinea, New Caledonia, and New Hebrides. Both countries again had devoted a large part of their construction industry to building air fields, barracks, depots, repair plants, roads, and many other facilities for the American forces. New Zealand was also furnishing blankets and clothing to the American troops, and had a programme in progress for the manufacture of 500,000 pairs of army shoes. In addition to building naval and air bases, barracks, and depots, New Zealand had built two large new hospitals for the American troops and had diverted so many medical supplies to the use of the United States troops in the Solomons that for a time such common items as gauze, bandages, and surgical cotton were virtually unobtainable for civilian use.

Impressive as are these figures of the supplies furnished in 1942, they represent only a fraction of the total assistance which New Zealand undertook to give during 1943. So substantial, in fact, was New Zealand's reverse lend-lease contribution during 1943 that it may not be long before the balance is in the dominion's favour. At the same time, the fact is appreciated that such aid, whether granted by America or by New Zealand, cannot properly be measured either in quantitative or financial terms, any more than it is possible to measure in pounds or dollars the value of the lives which have been sacrificed to defeat the Axis. Bearing this consideration in mind, it is of some interest, nevertheless, to note that during 1943 New Zealand made provision to supply

American forces in the South Pacific to the extent of approximately \$33,000,000 in foodstuffs alone.

In 1943 the quantity of fresh meat which New Zealand undertook to supply was 100,000,000 pounds, or six times as much as was supplied the year previously. In addition to this, 16,000,000 pounds of canned meat and meat and vegetable rations were made available. The whole of the country's surplus production of pork was reserved for use by the American forces.

In 1942 New Zealand furnished, by way of reciprocal lend-lease aid, 2,000,000 pounds of butter. In 1943 the quantity arranged for was 12,000,000 pounds, in addition to 2,000,000 pounds of cheese. The programme also called for the supply of approximately 4,000,000 pounds of canned butter and cheese, and powdered butter and milk. It was expected that the American forces would require about 48,000,000 pounds of potatoes. To meet this tremendous additional demand, steps were taken to increase very considerably the acreage of potatoes planted; similarly with fresh vegetables, which New Zealand undertook to supply to the fullest extent of the country's resources, after meeting the essential requirements of the dominion's own forces and of the civil population. Both canning and dehydrating facilities were expanded as rapidly as possibly to take care of the requirements of American and New Zealand forces operating on the South Pacific battle fronts. For a long time now canned goods of any description have been virtually unobtainable for ordinary civilian consumption in New Zealand, whilst the civilian population have had to forgo for lengthy periods such commodities as eggs, fresh vegetables, apples, and even potatoes in order that the men of the United States army and navy might be adequately supplied.

In the case of fruit it was anticipated that the Americans would require in 1943 over 25,000,000 pounds of New Zealand apples and pears. With the export trade in fresh fruit completely cut off, this obligation should not be an unduly difficult one to fulfil.

Another item was service biscuits. In addition to the substantial orders which New Zealand factories are fulfilling for the United Kingdom and New Zealand's own military requirements, a further 3,000,000 pounds was called for in 1943 to meet American needs. New Zealand also plans to meet fully American

requirements in respect of many other miscellaneous foodstuffs, such as pickles, sauces, jams, and vinegar. The supply of foodstuffs, however, is only a part, though a major part, of the aid which New Zealand is giving under reverse lend-lease. Orders have been placed, for example, for 1,000 tons of soap, and there are scores of other items, including articles of equipment and clothing, which come into the picture.

Furthermore, of course, millions of dollars of value, as an offset to the aid New Zealand has received from the United States, are represented in the camps, warehouses, hospitals, and various other buildings New Zealand has provided for the United States forces. A complete and fully equipped hospital unit has been provided at New Caledonia.

Another measure of assistance, fairly substantial in the aggregate, is represented by the rentals of existing buildings which have been taken over for the use of American forces in New Zealand, whilst shipbuilding and ship repairs likewise account for a fairly considerable sum.

In regard to buildings, it should, perhaps, be explained in view of incorrect statements that have been made in Congress and in the American press, that the majority of buildings specially constructed for American use are of a temporary nature. Where buildings of a permanent nature or having a post-war value are erected, the policy is to charge against lend-lease (that is to say, to credit New Zealand's reverse lend-lease account) on a rental basis wherever practicable. If capital cost is so charged, provision is made for a credit of the residual value after the war. These arrangements, moreover, are made only with the full concurrence of the United States Joint Purchasing Board.

One other respect in which erroneous impressions may have been created in the minds of the American public as a result of statements made in the course of a congressional inquiry into lend-lease and ill-informed criticism on the part of a certain section of the American press is in connection with air-field construction in New Zealand. It has been alleged that New Zealand has built a system of 105 air fields and charged the entire costs of these to reverse lend-lease. In actual fact, the total number of air fields constructed since September 1939, when war was declared, is six,

and the number enlarged to meet modern operational requirements twelve, including two which were provided with large concrete runways, to United States specifications. No charge of any sort has been made against reverse lend-lease for any air field constructed or enlarged in New Zealand. The only air fields that have been so charged are those built by New Zealand in islands in the Pacific which are not part of the territories of New Zealand or under New Zealand administration.

When lend-lease aid is added to the other forms of assistance New Zealand has given and is continuing to give to the combined war effort, it may, I suggest, be claimed that she is contributing her man power and resources to the full measure of her abilities. While New Zealand's industrial effort will be maintained at the highest practicable level, it is felt that with her increasingly heavy responsibilities as a supply base, major emphasis should be placed on the production of food as the dominion's major contribution under reverse lend-lease. It is therefore believed that the most reasonable policy for New Zealand to follow is to promote the maximum development of her large and rich resources for supplying foodstuff rather than to permit or encourage the further diversion of her already acutely short man power to the making of munitions and intricate war equipment which can be produced far more rapidly and efficiently in the mass-production centres of the United States. In making arrangements for an extended lend-lease programme the Government has taken care to ensure that the internal economy of New Zealand is not upset more than is absolutely necessary. Even so, the dominion's economic structure has been subjected to considerable strain, and the scope and extent of her contribution to date have meant some deprivations for the civilian population who, during the past twelve months, have witnessed the shadow of austerity spreading further and further across the land. It is no exaggeration, nevertheless, to suggest that the New Zealand people have welcomed the opportunity of demonstrating in a practical manner their appreciation of the supplies received from the United Kingdom and the United States at a time when the future seemed dark indeed.

## CHAPTER VIII

### STABILIZATION AND TAXATION IN NEW ZEALAND

ALTHOUGH the policy of stabilization has developed as a deliberate part of the war effort, it had its origin in the years preceding the war, stabilization having always been a basic policy of the Labour Government in the endeavour to bring security against adversities, particularly of a financial type. All the measures passed by Parliament since 1935 express in some form or another this conviction that finance can and should be made the servant of the economic policy of the Government and not its master.

For the greater part of its history New Zealand has developed as an exporting country and its exports have almost entirely been primary products. The continued expansion of production has been measured by an increase in exports mainly of primary products which in 1939 reached a total of £58,000,000, the highest *per capita* figure in the world. This dependence on the sale of overseas products has had a profound effect on New Zealand's economy and has rendered it particularly susceptible to changes in price in overseas markets. The record of periods of prosperity and depression has with unfailing regularity shown the rises and falls in those prices. This over many years induced what was almost a fatalistic attitude to the effect that fluctuations in price had on the prosperity of the dominion. Primary producers banded together in national organizations for the marketing of meat, dairy produce, and fruit in order to ensure that their products were not made the subject of speculation in overseas markets. The main purpose of these organizations was to minimize the effect of fluctuations in prices overseas.

The present Government on assuming office in 1935 announced that it intended to protect the producer of primary products from the uncertainties of price, and to ensure that whatever the results of overseas marketing, the consumer should have an ascertainable share of the national income for his labour. This policy was confined in the first place to dairy products. In 1936 the Primary

Products Marketing Act provided that the Government should become the purchaser of all dairy produce produced for export. The price to be paid to the producer was directed by the Act to be such that any efficient producer should be assured of a sufficient net return to enable him to maintain himself and his family in a reasonable state of comfort. Thus from the beginning of the dairy season in 1936 the dairy industry was insulated against the shocks of market fluctuations overseas.

On the outbreak of war the Government immediately offered to the United Kingdom Government the whole of the exportable products of the dominion for the duration of the war. In the negotiations which followed, the dominion proposed that the price to be paid for those products by the United Kingdom Government should not vary from the price first fixed unless there were an increase in the costs of the producers, and that there should also be an adjustment if the costs of the dominion's imports rose by more than ten per cent. The agreement eventually made provided a price in respect of the main products—wool, meat, butter, and cheese—assessed on the average return over the preceding few years, and this price has not been varied except to compensate for increases in cost of production.

With prices for wool for clothing, meat, butter and cheese and other milk products stabilized, a sound basis was laid for internal stabilization. On 1st September 1939 emergency regulations froze all prices within the dominion for all types of goods and services and permitted increases only with consent of the Minister of Supply. In administration, the minister acted through a price tribunal which permitted increases to the extent of approved increases in cost if the tribunal was satisfied that the merchant was unable to absorb the whole or part of the increase.

As the drain of the armed forces on man power increased, and the requirements of military production absorbed more and more of the secondary productive capacity of the dominion, the upward pressure of costs, particularly the cost of imported items, became apparent. The controls were, however, remarkably effective—so much so that from the outbreak of war to the end of December 1942 the increase shown in the Retail Prices Index was only 13.7 per cent—considerably less than that of any other country in the

British Commonwealth. Owing to this increase, however, it was necessary to provide for cost-of-living bonuses to all workers under certain wage levels covered by the Arbitration Court and in Government employ, and it was quickly realized that increases in cost, whether arising from wages or from other causes, were effective only in ameliorating the pressure of prices on the workers, and could not keep up with increases in prices.

In September 1940 the Government called a conference that was unique in the history of the dominion. On it were represented all major trade unions and the parent Federation of Labour, and representatives of all sections of primary and secondary production, banking, and business generally. The deliberations of this conference and its working committee proceeded over many weeks, and in October 1940 the conference adopted a unanimous report recommending the stabilization of prices and costs as an essential requirement of the efficient prosecution of the war by the dominion.

The conference had before it evidence of the already considerable efforts of the Government in stabilizing such important items as meat and dairy produce arising out of its export agreement with the United Kingdom, and of bread, sugar, coal, and other commodities, by the use of heavy subsidies. The costs of fertilizer used by the farmer were also held at pre-war level at the cost of a very considerable subsidy. The conference recommended that these measures should be extended to a wider range of goods, and at the same time the cost of transport, rents, wages, and other factors in the cost of production should be held, but that subsidies should be resorted to only when all other measures of economy and increased efficiency were not sufficient.

The Government proceeded along the lines recommended by the commission steadily over the next few months, and in September 1941 announced thirty-eight essential commodities and services, the prices of which to the community were to remain stabilized. They comprised mainly foodstuffs, ranges of New Zealand-made clothing and footwear, and public utility services, many of which had already been held for a considerable period. This announcement was followed by the appointment of an Economic Stabilization Committee comprising six members of the conference which



had met in 1940. The instructions to the committee were to report to the Government on the methods by which the full recommendations of the conference could be brought into operation. The committee reported in December 1942, but in the meantime it had acted in an advisory capacity to the Government in extending the scope of stabilization to particular commodities and services.

The report of the December 1942 committee was translated immediately into action by the Government by the passing of the Economic Stabilization Emergency Regulations, and the carrying into effect of several administrative decisions. The regulations provided for the control of rents of business premises and farm properties, and their stabilization as on 1st September 1942. Rents of dwellings had already been held by the Fair Rents Act passed in 1936 and extended to meet war conditions. The regulations also provided that wages, salaries, and other remuneration, including directors' fees, should be stabilized at the rate ruling in December 1942, and the court of arbitration was prevented from making new awards or amending existing awards in the direction of awarding wage increases except for the adjustment of anomalies. Machinery was provided for the adjustment of anomalies or the payment of increased wages for additional work in individual cases under the jurisdiction of wages commissioners, and the Government made provision also for control of the wages and salaries of its own employees along similar lines. A striking new feature of these regulations was the provision that wages were to be tied to a new retail prices index to be called the Wartime Prices Index and that automatic increases in wages should follow any material increase in the price index.

The new index was specially designed to reflect wartime conditions and the weight given to the various commodities, and the range of commodities included in the index reflected wartime changes in consumer habits, the effects of rationing, and the effects of shortages. Great difficulty was found in making provision in the index for fresh fruit and vegetables and this involved new techniques in control of production and marketing, but eventually apples and lemons, potatoes, onions, cabbages, carrots, parsnips, and swedes were included in the index. A rise in the index for the March quarter, 1943, of 1.1 per cent was almost wholly due to

fruit and vegetables, which were then completely under control, but the success of the control measures later introduced is reflected in the report for the June quarter which showed that the increase had receded to 0.002 per cent.

The index includes 242 commodities and services. The necessity to keep the index stable is a constant objective of the Stabilization Commission, and, in general, this is achieved by instructions to the Price Tribunal and other price-fixing authorities not to permit any increase in the price of these commodities and services. Where increased costs are proved to have occurred, these are met, if possible, by economies. As an example, it was found possible to increase the price of raw milk delivered by farmers to the city of Christchurch without increasing the price to the consumers at retail by zoning deliveries of milk and thus saving costs of distribution. Only as a last resort are subsidies paid to meet the increased costs involved. It is recognized that to the extent that subsidies must be paid, they have an inflationary tendency, but that under adequate control and safeguards they do not contribute to the dangerous spiral of inflation which is the forerunner of booms and slumps.

In addition to the control of rents and wages provided by the regulations, administrative action has been taken over the whole range of primary products. The farmer sells to the Government practically all important primary products, and the Government has guaranteed that the price payable to him on 15th December 1942 will be maintained. In addition, the costs entering into his farming operations will also be prevented from rising above the level at that date so that his margin should remain constant. Fruit and vegetables have hitherto been marketed through auction sales, which do not lend themselves to effective price control, but apples, since the outbreak of war, and lemons and vegetables more recently, have been or are being brought into a system of State purchase or State guarantee of fixed price irrespective of the condition of the market. This ensures a constant return to the grower and enables prices to be controlled right through to the retailer. Pending completion of contracts for certain vegetables with the growers, a price order fixes a ceiling which effectively bars price rises above the approved level.

Farmers' costs involve a wide range of commodities and services, and the efficient organization of primary producers in New Zealand has greatly contributed towards the solution of the problem of holding these costs. By agreement with the Farmers' Federation, representing all types of producers, a list of commodities and fixed prices as of 15th December 1942 has been evolved. In the case of the dairy industry, which had absorbed price increases since the outbreak of war with only a minor adjustment in price, a recent agreement with the Dairy Industry Council has provided for a special adjustment of costs on the level ruling at the outbreak of war, and this is being achieved by a subsidy payment through the dairy factories which, in New Zealand, are all co-operatively owned.

Transport control was introduced prior to the war, and there is already an efficient organization of the industry which has facilitated provision for the stabilization of transport charges for goods and passengers as well as stabilization of the prices for tyres, petrol, oil, and other goods required by the operators. A special tribunal exercises jurisdiction over heavy goods transport operators and this tribunal is linked up with the Economic Stabilization Commission.

Throughout the years during which stabilization has been developed, the Government has pursued the policy of working with the interests concerned, both workers and employers, and this has enabled the policy to be carried out with a minimum of friction, even though it might be difficult to relate it to any recognized economic theory. At the time the Economic Stabilization Regulations were passed, in December 1942, a Stabilization Commission was appointed to advise the Government on the whole administration, and this commission, chosen from among the members of the conference, comprised three members of the Federation of Labour, a banker, the president of the Manufacturers' Association, and a representative of the primary producers. In July 1943, on the completion of the greater part of the preparatory work, the character of the commission was changed. Its members were reduced to three, and it was entrusted with the administration of the regulations and other operations of stabilization under the control of the minister. As now constituted, the commission consists of the Secretary to the Treasury as chairman, a representative of the Federation of Labour, and a representative of farming interests who

is also a member of the executive of the Employers' Federation of New Zealand, both these latter gentlemen having been members of the original conference and of the successive committees and commissions.

Although the necessity for stabilization very largely arises out of present conditions, one of the most important contributions it can make is the control of the environment within which the post-war world will be planned in New Zealand, and within which the men and women serving in our armed forces are rehabilitated into civil life. For this reason the Government in 1943 promoted, and Parliament passed, legislation controlling sales of land and the prices at which land can be sold, with the avowed object of facilitating the settlement of soldiers. This is a symptom of the growing realization that the real value of stabilization will be felt in the post-war years when inevitable adjustments will require efforts just as whole-hearted and intelligent as those required for the war effort.

Perhaps no more striking indication of the incidence of war on the economic structure of New Zealand can be found than in the taxation figures. The total taxation raised in the year ended 31st March 1935 was £24,800,000. This had risen to £78,800,000 in 1939, and for the year ended 31st March 1943 to £86,800,000. During the same period there had been a rise in the aggregate private income<sup>1</sup> from £106,600,000 for the year ended 31st March 1935 to £260,000,000 (estimate) in 1943. Aggregate private income had risen approximately 145 per cent during the period from 1935 to 1943 and taxation by 250 per cent. Perhaps the position can be better visualized by looking at the figures per head of the population; in the year ended 31st March 1935 taxation per head was £16; in 1939 it was £23; in 1943 £53. In 1935 taxation absorbed twenty-three per cent of the aggregate private income, in 1939 twenty per cent, and in 1943 thirty-three per cent.

<sup>1</sup> Aggregate private income is defined by the Government statistician as 'the gross income of persons from wages, salaries, pensions, investments, etc., and the net income (gross receipts less expenditure incurred in earning them) of business houses, farmers, professional men, landlords, employers of labour, etc. . . .' (It will be realized that the term 'aggregate private income' as defined is not identical with the broader concept of 'national income'.)

But the figures of taxation and aggregate private income alone do not give an adequate picture of the economic conditions of the country or of the individual. A better picture of this can be obtained by looking at the amount available to the individual after taxation has been levied. In the year ended 31st March 1935 there was available for personal expenditure £81,800,000; in 1939 £148,000,000; in 1943 £173,200,000. There was thus available for private expenditure in 1943 over 112 per cent more than in 1935 after all taxation had been paid.

The above figures are shown in tabular form below:

| <i>Financial<br/>year ended<br/>31st March</i> | <i>Population</i> | <i>Aggregate<br/>private<br/>income</i> | <i>Taxation<br/>£ million</i> | <i>Residue<br/>after<br/>deduction<br/>of<br/>taxation</i> | <i>Taxation<br/>Per head<br/>of popu-<br/>lation<br/>£</i> | <i>% of<br/>aggregate<br/>private<br/>income</i> |
|--|-------------------|---|-------------------------------|--|--|--|
| 1935   | 1,554,297         | 106.6                                   | 24.8                          | 81.8   | 16   | 23   |
| 1939   | 1,611,362         | 185.8                                   | 37.8                          | 148.0  | 23   | 20   |
| 1943   | 1,640,191         | 260.0 <sup>1</sup>                      | 86.8                          | 173.2  | 53   | 33   |

The increases in the individual taxes are shown in the following table:

|   | <i>1934-5<br/>£ million</i> | <i>1938-9<br/>£ million</i> | <i>1942-3<br/>£ million</i> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Income Tax . . . . .                      | 3.8                         | 9.3                         | 25.6                        |
| National Security Tax . . . . .           | —                           | —                           | 16.8                        |
| Social Security charge and levy . . . . . | 4.6                         | 5.5                         | 11.0                        |
| Land Tax . . . . .                        | 0.5                         | 1.1                         | 1.0                         |
| Death and Gift Duties . . . . .           | 2.2                         | 1.8                         | 4.7                         |
| Stamp Duties . . . . .                    | 1.3                         | 1.6                         | 1.7                         |
| Customs . . . . .                         | 7.4                         | 10.7                        | 9.4                         |
| Beer Duty . . . . .                       | 0.7                         | 1.0                         | 2.9                         |
| Sales Tax . . . . .                       | 2.2                         | 3.6                         | 11.0                        |
| Highways . . . . .                        | 1.9                         | 3.0                         | 1.7                         |
| Miscellaneous . . . . .                   | 0.2                         | 0.2                         | 1.0                         |
|   | <u>24.8</u>                 | <u>37.8</u>                 | <u>86.8</u>                 |

It will be noticed from the above table that the bulk of the revenue at the present time is collected from direct taxation, more particularly income tax, the Government recognizing that this is the most equitable form of taxation.

<sup>1</sup> Estimate.

As far as the individual is concerned there is a personal exemption of the first £200, irrespective of the amount of the assessable income, and an allowance of £50 for the wife and £50 in respect of each child under the age of eighteen. The tax is steeply graduated, commencing at the rate of 2s. 6d. in the pound on the first £100 of taxable income, and reaching a maximum of 12s. in the pound when the taxable income exceeds £3,800. This taxation is increased by  $33\frac{1}{3}$  per cent in respect of unearned incomes. All income tax is subject, in addition, to a  $33\frac{1}{3}$  per cent super tax for war purposes. The maximum rate of income tax, including super tax, must in no case exceed 15s. 6d. in the pound, which is reached in the case of earned taxable income at £3,700, and in the case of unearned taxable income at £2,500.

Companies are taxed on a different basis. Where the taxable income does not exceed £6,300 the rate is 2s. 6d. in the pound, increased by  $\frac{1}{100}$ th of a penny for every pound of taxable income. Where the taxable income exceeds £6,300 the rate is 7s. 9d. in the pound, increased by  $\frac{1}{150}$ th of a penny for every pound of taxable income in excess of £6,300, but so as not to exceed in any case the rate of 8s. 8d. in the pound. This tax is also increased by a super tax of  $33\frac{1}{3}$  per cent for war purposes.

The other direct taxes on income as shown in the above table were the social security charge and levy and the national security tax.

While for administrative purposes the social security charge is deemed taxation, it is in effect a social insurance charge from the proceeds of which the social security benefits discussed elsewhere are in part financed.

An unemployment emergency charge of 1s. in the pound was made from 1st April to 30th September 1934 and from 1st October 1934 to 31st March 1935 at the rate of 10d. in the pound; in 1938-9 the charge was 8d. in the pound. From 1st April 1939 the present social security charge of 1s. in the pound has been levied. During the whole period a levy was made of £1 per annum on every male aged twenty and over, and from 1st April 1939 females over the age of sixteen and youths over the age of sixteen paid a levy of 5s. per annum.

A national security tax of 1s. in the pound was brought in on 21st July 1940 (subsequently increased to 1s. 6d. in the pound as

from May 1942) for war purposes, and is levied in the same manner as the social security charge.

The increase in the proceeds from the social security charge during this period is merely a reflex of the increase in the aggregate private income.

Some idea of the incidence of these taxes on the family man is shown in the following table, which gives the assessments on a married man with two children at various incomes:

TOTAL DIRECT TAXES (SOCIAL SECURITY, NATIONAL SECURITY, AND  
INCOME TAX) ON EARNED INCOME OF MARRIED  
TAXPAYER WITH TWO CHILDREN

| <i>Assessable income</i> | 1934-5     | 1938-9     | 1942-3     |
|--------------------------|------------|------------|------------|
| £                        | £ s. d.    | £ s. d.    | £ s. d.    |
| 400                      | 20 15 11   | 16 14 8    | 58 6 8     |
| 600                      | 42 10 0    | 42 8 0     | 120 0 0    |
| 800                      | 79 9 3     | 71 8 0     | 188 6 8    |
| 1,000                    | 111 12 1   | 103 14 8   | 263 6 8    |
| 2,000                    | 323 13 3   | 315 8 0    | 738 6 8    |
| 10,000                   | 3,365 17 5 | 4,269 14 4 | 7,587 18 4 |

As showing the incidence of the war on the same individual's taxation, the following table gives the amounts of direct taxation on incomes divided so as to indicate the amount available for the civil budget and the amount available for war expenses in the year 1942-3:

|                          | 1942-3              |            |              |
|--------------------------|---------------------|------------|--------------|
| <i>Assessable Income</i> | <i>Civil Budget</i> | <i>War</i> | <i>Total</i> |
| £                        | £ s. d.             | £ s. d.    | £ s. d.      |
| 400                      | 26 5 0              | 32 1 8     | 58 6 8       |
| 600                      | 63 15 0             | 56 5 0     | 120 0 0      |
| 800                      | 106 5 0             | 82 1 8     | 188 6 8      |
| 1,000                    | 153 15 0            | 109 11 8   | 263 6 8      |
| 2,000                    | 466 5 0             | 272 1 8    | 738 6 8      |
| 10,000                   | 5,253 8 9           | 2,334 9 7  | 7,587 18 4   |

Another form of direct taxation is the land tax. In 1935 this tax was of a non-graduated character, although when instituted in the nineties of last century it was steeply graduated with a view to

assisting in the breaking up of large holdings. When the Labour Government came into power it reinstituted the graduated principle as from 1st April 1936, and the tax is now levied on the following basis:

1. Where the unimproved value on which land tax is payable does not exceed £5,000, the rate of land tax is 1*d.* for every pound.

2. Where the unimproved value on which land tax is payable exceeds £5,000, the rate of land tax is 1*d.* for every pound, increased by 1*s.* 8*d.* for every pound in excess of £5,000, but so as not to exceed in any case the rate of 6*d.* in the pound.

Death and gift duties are an integral factor in the taxation system of New Zealand. Prior to 1940 death and gift duties were part of the ordinary revenue. From 1940 onwards all death and gift duties have been paid to the war expenses account. The estate duties were levied at the following rates in the year mentioned:

#### RATES OF ESTATE DUTY

| <i>Estate</i>    | 1935   | 1940-3 |
|------------------|--------|--------|
| 200- 500         | —      | 1%     |
| 500- 1,000       | —      | 2%     |
| 2,000- 2,500     | 2%     | 5%     |
| 10,000-11,000    | 7%     | 14%    |
| 40,000-41,000    | 13%    | 27.33% |
| 80,000-81,000    | 18%    | 38.1%  |
| 100,000 and over | 20.33% | 40%    |

In 1942-3 at least one-fourth, on the average, of each estate passed to the Crown by way of duty. In 1939 before the war the rates were increased by 20 per cent and a more closely graduated scale introduced. After the outbreak of war rates were increased by one-third. In 1940 further increases were made to meet increased war expenditure. Complete exemption from estate duty was reduced from £1,000 to £200 and from succession duty from £500 to £200. Maximum estate duty was increased from 24 per cent on £100,000 plus 30 per cent on the excess to 40 per cent on estates from £100,000. Succession duties were approximately doubled or trebled according to the degree of consanguinity. Duties are levied on gifts ranging from 5 per cent on gifts between £500 and £1,000 up to 25 per cent on gifts over £20,000. The



1940 rates which are ruling at the present time are twice those ruling in 1935. The total revenue from death and gift duties during the period is shown in the following table:

## DEATH AND GIFT DUTIES

| <i>Revenue</i>            | 1934-5          | 1938-9          | 1942-3          |
|---------------------------|-----------------|-----------------|-----------------|
|                           | £               | £               | £               |
| Estate Duty . . . . .     | 1,740,000       | 1,374,000       | 3,546,000       |
| Succession Duty . . . . . | 420,000         | 329,000         | 970,000         |
| Gift Duty . . . . .       | 45,000          | 115,000         | 182,000         |
|                           | <hr/> 2,205,000 | <hr/> 1,818,000 | <hr/> 4,698,000 |

Stamp duties cover a miscellany of items of taxation, the main tax being on horse-racing in the form of levies on totalizator investments and dividends.

Proceeds from stamp duties have been as follows:

|        |           |
|--------|-----------|
|        | £         |
| 1934-5 | 1,314,000 |
| 1938-9 | 1,590,000 |
| 1942-3 | 1,708,000 |

The increases shown above are largely consequent upon the general increase in aggregate private income during the period.

Highway revenue, earmarked for expenditure on roads, is obtained by way of import duties on tyres, tubes, motor-spirit and licence fees of motor vehicles. The increase in revenue between 1934-5 and 1938-9 is due to the greater national prosperity and the subsequent falling-off in the 1942-3 figures to the wartime restrictions on motoring.

Customs duties are levied according to either value or unit of quantity. In general, raw materials are admitted free and manufactured goods are liable to duty. A preferential rate is accorded to many goods imported from Great Britain and other British possessions. Unless specifically exempted, goods free of duty are liable to a primage of three per cent, while dutiable goods, the manufacture of certain British countries and all foreign countries, except where exempted by agreement, are liable to a surtax in addition to the normal duty payable. Over fifty per cent of the

value of imports are admitted either free of duty or subject only to the above-mentioned three per cent primage. The duty on motor spirit is 1s. 2d. per gallon, of which 6d. is credited to highways revenue and 8d. to customs revenue.

Notwithstanding additional duties for war purposes imposed on imported wines, spirits, cigarettes, and tobacco which, in many cases, amounted to a 100 per cent increase over existing rates, the total revenue from customs duties, owing to the great reduction in imports, decreased in 1942-3 as compared with 1938-9.

Proceeds from beer duty have shown a progressive increase over the period, owing to greater consumption and to the imposition in the war years of higher rates of duty. The rate of sales tax in 1934-5 was five per cent, and with certain exceptions, notably foodstuffs, was levied on all imports and manufactured goods. The tax was doubled in 1940, and was further increased to twenty per cent in 1942. In imposing the latter increases further items entering into the family budget were exempted.

### III. REFLECTIONS OF A NEW ZEALANDER

#### CHAPTER IX

##### WHY WE FIGHT

THIS war involves a clash of ideas as well as a clash of armed forces, and our common task is to ensure the victory of our ideas over those of the enemy. This obviously means there must be a positive as well as a negative purpose in our war effort. Both are important. It must be the aim of those directing our war effort to make it clear, to emphasize again and again, to remove any possible shadow of doubt from the minds of those who are fighting and working and sacrificing to win the war, not only what they are fighting against but, equally, what they are fighting for. Unless these questions are asked and asked incessantly—unless they are answered with complete understanding and conviction by men and women—our effort cannot be a total effort. Men may fight and fight courageously, but the people, as a whole, must realize the issues, must be imbued with a high resolve and an unwavering faith, if they are to give all there is in them for final victory. Statesmen and ideas are important as well as soldiers and shells.

To the question 'What are we fighting against?' many people will reply: 'We are fighting against Hitler.' That is, of course, true, but it is not the whole truth. It is foolish to ignore the support which Hitler enjoyed, and perhaps does still enjoy, in Germany. It is foolish to ignore the means whereby he came to power or the approval he obtained from those big men within and without Germany who felt he would protect their property and their privileges from what seemed to them the threatening clamour of the mob. It is foolish to ignore the mass support given him too by many of the people who made up that mob, little men, frustrated, bewildered, insecure, unable to obtain from the German republic the things that made life tolerable. It is foolish to ignore, most of all, the fact that Hitler and Mussolini and the Japanese militarists

chose war because the objectives which their totalitarian systems drove them to seek were incompatible with peace. Continued peace, to them, spelt downfall. From the outset of their evil regimes, the inherent nature of the very systems they have created carried them and their countries at an increasing pace towards war or destruction. They chose war, which, they are now discovering, may carry them to destruction.

We are fighting not only Hitler—we are also fighting his idea, his system, the idea that every man must submerge himself in the State, that the State is everything and the individual human personality of no account. This idea is held in Germany with a fervour comparable only to the fanaticism for a new religion. In fact, we must face the mockery of the world and admit that Hitlerism is a religion. It is this that we are fighting against more than Hitler, more even than the German, the Italian, and the Japanese armies. It is this totalitarian philosophy that we seek to banish for ever from the earth, this philosophy which holds in contempt all the institutions and virtues which free people have been taught to preserve and respect, which is so utterly destructive of everything you and I hold good. It is impossible, however, to take this philosophy—or religion, if you like—away from the Axis peoples and leave its place unfilled.

Every man must have a faith, a philosophy of life, no matter by what name he may call it, or how unspoken it may be, or even how vigorously it may be denied. If we are to destroy the philosophy that now holds in thrall the Axis countries and those people elsewhere who have been perverted by Axis propaganda, we must do so by supplanting it with another. No easy acceptance of platitudes and promises will do. Each man must have a high faith in his purpose and the purpose of his leaders in waging this struggle. The leaders themselves have an even greater responsibility. It is they who must direct, with the assistance of military advisers, the conduct of the war itself; but just as important, they must convince themselves, their own people and others, that they know, not merely what they are fighting against, but what they are fighting for.

We cannot ignore the value and importance of political warfare. The minds of our own people and of the people of the enemy countries must be built up and reinforced by the knowledge that

democracy and free working and free expression of individual minds are the most valuable and must ultimately win over closed or dominated minds.

During the last three years or so the Allied military effort has reached vast and truly amazing proportions in building up our armed forces, in organizing our war production, in mobilizing man power and resources, in changing over from peace to total war. We have succeeded in doing in Britain, America, Russia, China, and New Zealand, in every Allied country, things that just a short time ago seemed utterly impossible. But it is questionable whether, in the realm of political warfare, we have even yet begun to mobilize and to use the emotional, psychological, and spiritual strength which can and must be thrown into the balance.

We are reaching a stage in this war in which these weapons of political warfare can play a more and more decisive part if used vigorously and to the best possible effect. They can have a tremendous influence if used wisely and with understanding in building and strengthening our own morale no less than in gaining friends where friends are sorely needed, no less than in undermining the sway which Hitler and his Axis partners are able to exercise over the people whom they have misguided and misled.

The Germans have not secured the victories they hoped for in Russia. Hundreds of thousands of German families have lost their sons, brothers, and fathers. Night after night and day after day heavier R.A.F. and U.S.A.A.F. raids are being carried out on Germany. These raids are definitely affecting the morale of the German people. Many of their minds are reaching a stage of disbelief in Hitler's promises and providing us with an opportunity of lessening the enormous grip of the Nazi propaganda machine. Discontent, disillusionment, anger, and open revolt are mounting steadily throughout the occupied countries of Europe. The few remaining neutral countries of the world, particularly Turkey and Spain, are in a state of suspended animation.

All over the world, in Europe, in Africa, in Asia, there is the tremendous reservoir of goodwill towards the United Nations which can so easily be used in the cause of freedom and democracy if only we go about it in the right way. This will demand, first and foremost, that we state clearly and hammer home

by every available means that we intend to use our victory for the purpose of securing a new and fuller life for every one, vanquished as well as victor. We must satisfy not only ourselves, but other people, too, that this war, so far as we United Nations are concerned, is more than a war for survival, that we are not simply fighting to retain what we already have, but for something further. This is a war for positive ends.

We must carry the conviction that the promises of the Atlantic Charter and the principles enunciated in the Four Freedoms are definite undertakings toward the fulfilment of which we are prepared and willing to make some sacrifices, to give up some privileges, to accept whatever adjustments, nationally and internationally, will be necessary. We must carry the conviction that our aim is to guarantee to all peoples without discrimination an opportunity to live better and fuller lives than in any time in the past. Then may we say with full confidence that we are using all and every means at our disposal to aid and strengthen our endeavours.

It is not necessary to wait until the war is over before we start giving effect to our commitments. Many of the assurances we have given will indeed have to wait awhile before we can proceed very far towards their fulfilment, but it would be a mistake to rely too much on words alone. We ourselves have learnt only too well, after bitter and painful experience, that Hitler and his satellites can only be judged by what they do, and not by what they say. Is it so very unreasonable for others, even though they may have much less excuse, to prefer to judge our sincerity in turn in the light of our positive actions, and not by our words alone? For this reason, wherever and whenever there is an opportunity of acting positively upon the declarations we have given, it is of the utmost importance to the whole Allied cause that every such opportunity should be seized. The possibility of applying in detail the principles of the Atlantic Charter whilst the war is on may be very limited, but every little advance on the political front may have military and strategic consequences of far-reaching significance.

It is essential, then, that we state clearly our intentions, that every man and every woman engaged in this struggle should have a vision, not of the world that we have left behind, but of the better world and better possibilities of life after the war. We have had

some experience ourselves in New Zealand of the value which such political strategy can have on morale.

Since the early days of 1941 New Zealand troops in the Middle East have been engaged in a series of bitter, though necessary, battles in which they have suffered many grievous losses. Yet the fighting spirit of our men is as high and as determined as ever. I suggest this is largely due to the fact that the ordinary New Zealand soldier knew before the war certain things which were worth fighting for, and he has before him the vision of better things to come. This has sustained him in the hardest times. He has known in New Zealand good schooling, ample work, and the confidence that he will get a fair share of the goods produced by that work. He has known a social security system guaranteeing to every citizen freedom from both the fact and fear of poverty, old age, ill health, and the other fears of insecurity which haunt the ordinary man and woman almost every day. He has known a system of guaranteed prices and orderly marketing that has given to farmers and their families freedom from the worry and instability associated with fluctuating prices. He has known an educational system that has given to workers, men and women alike, freedom from exploitation and intimidation. He has known, too, a collective and co-operative organization of society that has given to the mass of the people the freedom which comes with a standard of living second to none. The New Zealand people, having won these many freedoms, have had convincing proof over the years that the method of democracy can bring great and fruitful results. They have seen the application in practice of many of the principles enunciated in the Atlantic Charter and the Four Freedoms. They believe that if we win this war they can then go on to even better things, and knowing all this has made them vigorous fighters and vigorous workers, ready and anxious to play their full part to secure and extend their way of life.

Let us then hammer these principles home in the clearest possible language, language which will leave no doubt in anybody's mind that the freedom for which we are fighting, by which we set such store, is freedom for everybody, not simply for the few. And to do this, and do it successfully, we must show very clearly that we have the courage of our convictions—that we will, under no

circumstances, deny to any race, to any people, those rights to life, liberty, and the pursuit of happiness which we ourselves demand.

It is not enough merely to give voice to fears and hopes, not enough merely to affirm and reaffirm our ultimate objectives, not enough merely to declare, however solemnly we may do so, that the peace we are striving for is not a peace for Englishmen or Americans or Chinese or New Zealanders in particular, not a peace made by and for the United Nations only. We must declare and show that we are fighting for a peace in which all men of all races will have an equal stake—a peace which they can respect as a just, not a vengeful, one—a peace which will seek to remove and not to perpetuate those inequalities between man and man, between group and group, between country and country, which in the past have led directly to social, racial, and international suspicions, jealousies, and finally to war.

This is not to suggest that the guilty men of Europe, along with the guilty men of Japan, should escape just retribution for the crimes they have committed against humanity, both in their own countries and in those countries they have ravished. The United Nations should leave no doubt as to their intentions of meting out proper punishment where punishment is due; yet we must guard against playing into Hitler's hands by leading the common people in Germany and the Axis countries to believe that our victory will spell for them generations of misery and degradation. On the contrary, we must use every means in our power to carry to them the truth that the Axis's so-called new order is nothing but an old-fashioned imperialism in its most hideous form, a form in which not merely backward races, but the most advanced European peoples, are placed under the domination of well-informed and able barbarians. We must carry to the peoples of Europe and Asia by every means available a message of encouragement and hope for the future, an assurance that the kind of world which we seek to build will give them all that Hitler or Hirohito can offer and a great deal more without the tyranny, cruelty, the denial of individual rights, the fear of war that their new order would seek to rivet still more firmly over them.

The first, most powerful, and least-used weapon is a clean, straightforward, unadulterated statement of our objectives, of what



the United Nations are fighting for. If, however, we are to achieve the fullest results more than this will be needed. We shall need to show as clearly as possible how it is intended to attain our objectives. As evidence that the United Nations really mean business, therefore, at least a skeleton machinery should be set up now for giving effect to our intentions. The truth is that we have not yet in the United Nations' war effort any centrally controlled political body. There is no war cabinet for the United Nations as a whole. There is no one body which meets and decides on their common policy. Such a body is needed for the successful prosecution of the war as well as for the successful building of the peace.

It will help to strengthen the faith of ordinary men and women—men and women who are fighting this war, and the men and women of occupied Europe who are pinning so much hope on our victory, the countless men and women whose lives have hitherto been grey and drab and hard and insecure. It will give to them renewed confidence that full employment, full production, greater economic welfare, and security will be a part of the social programme to be won along with the war itself.

It will show clearly to all peoples, to the starving peoples of Europe and of Asia particularly, that the United Nations' intention is not merely to provide for charitable measures of relief, that relief will indeed be given generously, but not as relief, rather as part and parcel of a world-wide reconstruction plan under which victors and vanquished alike will be compelled to recognize and accept a common responsibility to ensure the rehabilitation of devastated countries, the allocation of foodstuffs, materials, equipment, and resources of every description in accordance with capacity to provide on the one hand, and relative need on the other. It is tremendously important to stress this fact, to convey to those countries which have suffered most the idea that they will not be given charity but all possible help and assistance in the interests of humanity as a whole.

It is well, however, to remind ourselves that the highest resolves and the most sincere protestations will be of little avail if we should lose the war. It is not for a moment suggested that the United Nations will lose, but they could do so, if any substantial number of

those on whom the future of liberty depends fail to realize sufficiently, and in time, the nature of their responsibilities. We could lose if we failed to arouse in every man and every woman a full appreciation of the simple issue at stake in this conflict, the issue of freedom or slavery for all mankind for generations to come. Because if we were to lose this war, our fate would be sure and certain. We would have riveted upon us a German-Japanese imperialism more tyrannical, more cruel, more unscrupulous than any the world has ever known.

The impact of total war in those countries it has ravished has taught us many bitter lessons. We have witnessed the agony of Poland, the tragedy of Norway, Holland, Belgium, Denmark, the rape of Greece, of Yugoslavia, of occupied Russia, the sorry spectacle of France, and the devastation of Japanese-dominated Asia. The world has had ample opportunity to learn from this grim record of Axis occupation that the only chance which Hitler and his partners have to offer is one of victory or slavery with no middle course and no room for compromise. It has been made abundantly clear that civilization will literally perish unless this time we can, beyond the possibility of mistake, make the world truly safe for democracy.

There is no easy road to victory and no short cut. It will be a slow and painful journey all the way. But if the ends of democracy and freedom are kept steadily in view, if each obstacle is approached in a spirit which compels everywhere and on all occasions the subordination of special privilege to common ends, there is little doubt that the men and women of the United Nations will accept cheerfully whatever sacrifices may be demanded as the price of victory.

For the military struggle, then, we are ready and confident. Are we equally ready and confident that, having defeated the Axis, we shall have succeeded in safeguarding and extending, directly and indirectly, the application of the Four Freedoms and the principles of the Atlantic Charter to the peoples of all lands, without discrimination in colour, race, or creed? Are we completely satisfied that the war we are fighting for democracy and freedom will not end in their destruction? Are we completely satisfied that in winning the war we shall not discover, too late, as we discovered last time, that we have lost the peace? Do we really mean to reconstruct the world in the pattern of those ideals we have

proclaimed? Are we prepared and willing to make those readjustments, nationally and internationally, which alone can furnish a foundation for a just and enduring peace? Are we entitled to take a long view and say this war is really a peoples' war with no very clear goal at the outset perhaps, except a determination to survive in freedom, but with positive post-war aims emerging more and more clearly in the consciousness of the common people who are fighting it, as well as in the pronouncements of the leaders of their Governments? Or are we merely to regard the promises of the Atlantic Charter, for example, as pious maxims to be discarded and forgotten when victory comes?

On the answers to these questions everything depends. Nor can the decision be postponed. It must be made now. We must decide now because the nature of our post-war settlement will necessarily be influenced by the conditions we create during the war itself. We must decide now because whatever we want the character of our post-war world to be, one thing is certain—it will not wait upon events. We must decide now, because if at the close of this war we permit a sense of frustration and disillusionment to develop, the stage will most assuredly be set for a further and more terrible conflict. And is not the possibility that such a calamity may visit civilization once more enough to make us think now, even when our very existence is threatened, in more than vague, general terms of the peace to come? If we want a world of peace and progress we must decide to lay the foundations now, and good material for those foundations is in the Four Freedoms and Atlantic Charter.

But whether we succeed or fail in our military struggle, whether or not we emerge from this war into a people's century, it is quite certain that there can be no return to the world we knew just five short years ago. Any attempt to put the clock back is foredoomed to failure. It is futile to look back upon the old order that we have left behind. The world which we knew in 1939 is a world which, for all practical purposes, belongs to antiquity. Those who may be reluctant to accept the passing of the old order, who were fortunate enough to enjoy such security and privilege as it bestowed, must remember that it was the order in which Hitler was bred, and in which he found a ready audience for the evil doctrines that have

now brought anarchy without precedence. The task for the future, therefore, is not to re-create what has been destroyed, but to build new and better institutions from the ruins of the old. We must accept the fact that we have been thrust into a revolutionary epoch. We must aim to guide that revolution along channels that will enable ordinary men and women everywhere to live better and fuller lives than at any time in the past.

It is not enough, however, merely to acknowledge the fact that even far-reaching social and economic adjustments are bound to come about. A much more positive and a much more constructive attitude is called for.

We can and we must profit from the mistakes and failures after the last war, remembering that the problems of reconstruction this time will be infinitely greater and infinitely more complex, remembering, therefore, that the need for careful forethought and planning now and as the war proceeds is correspondingly more urgent.

Whenever the war may conclude it will be a question of having to organize an 'all-in' peace effort following an 'all-out' war effort. It will be a question of changing over from a full war basis back to a full peace basis. That will be a tremendously difficult task. But it will be much more difficult unless there is a decision now as to the broad policy on which reconstruction efforts are to be based. Until there is some agreement as to fundamental issues we can only grope in the dark. It is a fatal mistake to look upon the winning of the war and the building of the peace as separate and distinct objectives to be pursued independently, first the one and then the other. Rather should they be considered as essentially interdependent, as two phases of the one objective to be pursued together and with equally firm resolve. Because if we win the war with no plans but a return to normalcy, if we make the mistake that was made last time of leaving the peace to look after itself, then the stage will assuredly be set for another war, perhaps within another generation.

There are hundreds of subjects that will require investigation and innumerable problems for which a solution will have to be found if the pledges given are to be honoured. To mention only a few, there is the problem of wide disparities in living standards

both within and between the nations; the problem of ensuring access, on equal terms, to the trade and raw material resources of the world; problems associated with the provision of adequate shipping and other transport facilities; with the overcoming of racial prejudices and particularly of the idea held by many peoples of their inherent superiority over others; with the breaking down of migration barriers; with the question of miscegenation; problems of territorial adjustments and the determination of national boundaries; of minority rights and freedom; of the control of colonial territories; of the regulation of international investments and investment policy.

The first steps towards the solution of most of these and the other pressing problems with which the world is confronted to-day, and will be confronted still more critically to-morrow, are to be found in the answers to the following questions: (1) Can the resources of the world be so organized as to ensure the availability to all peoples of those commodities and services and that environment which will enable them to develop to the maximum physically, mentally, and culturally? (2) If it is possible so to organize the world's resources, are the people of Great Britain, the United States, and the other United Nations determined that this tremendous job of organization shall be honestly and courageously attempted? (3) If the answers to the two preceding questions are in the affirmative, then what positive steps are necessary to achieve the objective agreed upon?

This objective is, in effect, the same objective that was so magnificently stated one hundred and sixty-seven years ago in the American Declaration of Independence. It was stated then, as it has been affirmed since, in terms of ideals that are timeless, ideals of liberty, justice, equality, and the native rights of man. It fell to the lot of Abraham Lincoln, almost a century later, to restate these ideals and to give them added emphasis; nearly another century passed and again it fell to the President of the United States, this time to President Roosevelt, to restate these eternal principles in the terms of his challenging declaration of the Four Freedoms, amplified and strengthened by the pledges of the Atlantic Charter. In this new century that we are now entering, it will be our common responsibility, the responsibility of the governments and

the people of all the United Nations, to see that these principles are given full weight, both nationally and internationally, in the post-war world.

We must look to the Atlantic Charter for the foundation principles on which to build. We must, as evidence of our sincerity of purpose, give effect now and as the war proceeds, as far as it is within our power to do so, to the principles and the spirit of this charter. We must see to it that those principles are applied, without fear or favour, to all countries. We must aim at giving all people, regardless of colour, race, or creed, equal access to the world's raw materials and services, so that they may have an equal chance to build up for themselves a full and useful existence.

This does not mean that we should at once hand over to everybody an equal share of the world's physical wealth. What must be done, however, is to give everybody an equal chance to better himself or herself. There must be no exploitation of one group by another or one country by another in the wrong sense of the word.

This must necessarily be a gradual process. It will impose a heavy responsibility on those countries whose people already enjoy an advanced standard of living, because on them will fall the task of trusteeship on behalf of those countries or minority groups who will need guidance and help in their progress towards economic and political development. It will be their task to see that, before attempting to better their own living standards when these are already high, the essentials of life are made abundantly available to those less fortunately placed. These are very broad outlines, but if we agree on them the details will ultimately fall into place.

The acceptance of a world policy of equal rights and opportunity and a frank recognition of the problems to which such acceptance leads are among the imperatives of present-day life. Unless some progress is made in evolving this policy and solving these problems within the next generation, then war will visit us again.

One very prevalent attitude as a result of which the progress of the world has been much retarded is the attitude shared by many individuals and many nations of inherent superiority over other individuals or other nations. By this idea of a 'superior' people it

is not intended to refer merely to the absurd excesses of Nazi and Japanese race doctrines and the attitudes these doctrines tend to breed. The reference is rather to that often unconscious if unexpressed superiority which, in the past, has been typical, for example, of the attitude of most western nations towards the people of Asia and of most white peoples towards the coloured races. One of the first essentials of post-war reconstruction must be to get rid of this superiority complex.

If western people, whether British, European, or American, cannot accept any suggestion of other nations or races being in any respect inherently superior, neither can they expect these other nations or races to accept the idea of western superiority and to be content with a secondary position for themselves.

It is a question whether any one can, with full confidence, either affirm or deny the familiar assertion that the age of imperialism has ended. Most people, in their hearts, fervently hopes that it is true or very nearly true. Most will agree unreservedly with Mr. Wallace when he says: 'The methods of the nineteenth century will not work in the peoples' century which is about to begin'; that 'No nation will have the God-given right to exploit other nations'; and that 'Older nations will have the privilege to help younger nations get started on the path to industrialization, but there must be neither military nor economic imperialism.' Most will gladly accept Mr. Sumner Welles's statement that 'If this war is in fact a war for the liberation of peoples it must assure the sovereign equality of peoples throughout the world, as well as in the world of the Americas. Our victory must bring in its train the liberation of all peoples. Discrimination between peoples because of their race, creed, or colour must be abolished.'

So far as the more advanced peoples of the Orient are concerned, it is no rash prophecy to say that one inevitable consequence of the war itself will be the liquidation of the last remaining legacies of imperialism. It is inconceivable that the system of extra-territoriality, the foreign concessions and other privileges which were enjoyed by the so-called imperialist powers in the Orient in so far as these have not already been freely given up, can possibly survive a victorious outcome of China's heroic struggle against Japan. China has been admitted to the family of free nations as a full and

equal partner, and as such her destiny will be completely in her own hands. She will never again accept, nor will she be expected to accept, her former semi-colonial status.

In the case of other backward countries and colonial territories whose people have not achieved that degree of unity and political organization necessary for stable and responsible self-government, some form of protection will need to be afforded them. It would be foolish, therefore, to propose that such people should be left entirely to their own devices. But international machinery will need to be devised and adequate guarantees given that the administration of such territories will be carried out in a spirit of trusteeship, and not, as so often in the past, with a view to their exploitation for the benefit of the nationals of a single power. The sole consideration must be well-being, education, and development of the native inhabitants and their training in every possible way in the responsibility of government. Equality of economic opportunity and equal access to the raw material resources of colonial or mandated territories must prevail, subject always to the paramount interests of the native inhabitants. But we must do more than devise new machinery and new methods of administration. If we are honestly determined to banish once and for all the imperialist idea and all it means, we must rid ourselves of the prejudices in which it has such fertile roots. We must rid ourselves of the idea that there exists, or can exist, an inherently superior person, superior nation, or superior race. The principle must be recognized that no individual or group of individuals, that no nation or group of nations, should be allowed to exercise political or economic domination over others.

We must give evidence of the sincerity of our intentions now and as the war proceeds. We should not be unduly distressed if some of the subject peoples of the world who have not always been shown the consideration they should have been shown are a little reluctant to accept the assurances given in the Atlantic Charter, for example, at their face value. If, however, we can, by our example, show these people and others that we mean what we say, that the policy we have proclaimed is not based on considerations of expediency but on those of principle, if we can somehow bring to the oppressed men and women of Europe, of



Japanese-dominated Asia, of submerged groups and racial minorities everywhere, to the common people the world over, a conviction that our cause is their cause, that our pledge is to secure for all men and all women peace with progress, freedom with security, justice with equality—then we shall indeed have achieved a great deal, and may say with full confidence that the age of imperialism has ended.

Whether the conclusion of this war will mark the end of one era and the beginning of another, the end of imperialism and the beginning of a century of the common man, will depend very largely upon our capacity so to organize our affairs as to guarantee to all men greater security, greater opportunity, a fuller and happier life than heretofore.

There is something wrong with a world in which nations counting their people by the hundred millions have such low living standards that their progressive development, either physically, mentally, or culturally, is rendered almost impossible, whilst from their impoverished resources material tribute is paid to other nations much more fortunately placed and with infinitely higher living standards.

God never sent any one into this world to work to the advantage of any one else able to work but living at ease. If, then, no man was sent here to work for another man who is able to make some contribution to the common welfare but who fails to do so, neither was any one nation intended to labour for the benefit of another nation. No nation, that is to say, has any moral claim to enjoy high standards of living when others are condemned to very low standards from which those more fortunately placed may consciously or unconsciously draw tribute. All peoples, all men and all women, have equal rights to the fruits of their own hard labour, to the fruits of their physical and intellectual endeavour, whatever their race, whatever their religion, whatever their class or creed. People were sent into this world to work for themselves and for each other and not to be slaves. Unless this principle, as it applies both to each individual within the nation and, in turn, to each nation in the international family, is given effect to, freely and unconditionally, by the scientists, the economists, the statesmen, the spiritual leaders of the world to-morrow, then the war will have

been fought in vain. It will be fought again to achieve equity between man and man, between nation and nation. It is our common responsibility to see that in the future our economic affairs are so ordered as to guarantee the availability of the good things which are produced, not merely to a few favoured nations or to a few privileged individuals, but to all men and all women of every country.

This simple social philosophy, if it is to be a vital and living philosophy, will require general consent that the first charge on all wealth created after the war must be the care of those who fought and worked and sacrificed to win the war, of the aged, of the young, of the ailing, and of those engaged in transforming the world's natural resources into the necessities and amenities on which society depends.

Why? Because we have a solemn obligation towards those who are to-day in the front line of battle giving all they have to give to safeguard our lives and liberties and institutions. We cannot do less than guarantee these men the best possible conditions and chances in life when they return. To this end, we must draw unstintingly on the resources, experience, and wisdom at our command to make our countries truly worthy of those who are sacrificing so much for their love of them.

We have obligations towards the old and infirm because their work in their earlier and more fruitful years has made it possible for us to enjoy the standards we enjoy to-day—because they have done their share in making our present life possible. We have obligations towards the young because if we fail to provide for them we are failing to provide for the future, because it will be the duty and the privilege of those who are young to-day to make a still better world to-morrow. We have obligations towards the sick and the ailing because they cannot care for themselves. And when these obligations have been fully discharged, when those unable to provide for themselves have been provided for, it is our duty to ensure that those who do the useful work of the world enjoy the full reward of their toil.

If these principles are eternal, and I believe they are, they should be written into the laws of every country. We have endeavoured to write these principles into the legislation of New Zealand, inside

what is called the Social Security Act, which recognizes more completely, perhaps, than has been recognized anywhere else, the need for the community, as a whole, to accept responsibility directly for the economic welfare of its members, that against the hazards incidental to the competitive struggle for private gain must be set the need for collective organization of security. Long, hard years of pioneering in a new and undeveloped country brought home very forcibly to New Zealanders the necessity of self-help. They have learnt that lesson and learnt it well. But they learnt too during those pioneering years that the individual can only thrive if all join in helping one another. To-day, therefore, there is a widespread appreciation of the fact that the modern problem among those who are pioneering a new social order is one of knowing how to distribute and how to consume properly the gifts of nature and the fruits of productive labour.

It is likely enough that the war will cause an acute shortage of food and necessities in many countries for some time to come. In other countries peace may be accompanied by a surplus which the wastefulness of war will no longer consume. We must see to it that ability to produce, on the one hand, and the need to consume, on the other hand, are linked together for the benefit of all. In spite of the destruction and the havoc which the war will leave behind, man's resources for production, his technical knowledge and creative genius, if developed to the maximum, will give no excuse for anything but improvement in the level and security of living standards throughout the world. The limiting factor will not be the niggardliness of nature. It will not be the lack of ability or experience in transforming natural resources into everyday needs. It will be the capacity we show in organizing our resources that will set the limit to what we may enjoy. Economic individualism will not solve our problems. It will take collective planning both to make the best of our resources and to ensure that human needs are satisfied to the utmost.

Whether the possibility of renewed conflict is to be avoided entirely in the future will, therefore, depend above all else on the capacity that is shown in working out co-operatively a procedure under which all the goods that can be produced are produced, and are used where they will give the best results. In urging this as a

first principle, the accusation may be levelled that these, after all, are strictly materialistic considerations. It may be argued, and with much justification, that first emphasis should be placed on spiritual values—'Seek ye first the Kingdom of God and His righteousness, and all these things shall be added unto you.' These two apparently contrasting attitudes, however, are not inherently conflicting. On the contrary, they are merely the same moral objective approached from two different directions. The trouble arises when we attempt to divide material and spiritual principles into separate watertight compartments, not realizing that in the human personality these two driving forces are inextricably combined. Spiritual values, if we allow them, as we should allow them, to govern our actions and our attitudes, will lead us directly and unfailingly towards higher material standards of comfort and security for all men. Materialistic values, on the other hand, if we base them as we should base them on fundamental moralities, will, in turn, lead us to a fuller appreciation and experience of things spiritual.

There is little to be gained by priding ourselves on being realists if our realism lacks vision and imagination. Often, a person who in the name of realism sneers at ideals is a person who is afraid to face up to the dictates and the responsibilities of his own conscience. But it is equally true that the past, if it teaches us anything at all, teaches us that idealism divorced from realism ends in wrecked hopes and shattered projects. It is imperative, therefore, that we should always keep our feet firmly on the road, whilst never at any time losing our vision of the goals towards which we are marching.

If the world we seek to build after this war is to be a free world, if the peace we seek to secure is to be a lasting peace, the first condition to be met is greater economic security and higher standards of living for the common people of all lands. That principle is inherent in the Christian philosophy. It is expressed in the declaration of the United Nations. It is one of those Four Freedoms referred to by President Roosevelt; it is the theme of the Atlantic Charter. The determination of post-war policies in the light of these statements and principles is imperative if the world is to progress. Freedom and progress go hand in hand. The story of the world's progress is the story of men's march towards an ever-widening freedom. The negation of freedom is dictatorship,

and dictatorship is the logical outcome of a social order which has lost its power to promote the welfare of the masses. Men and women are not free to develop their own souls, to express their own individual personalities, to contribute according to their individual capacities to the world's cultural inheritance—they are not free to do any of these things so long as the fact and fear of economic insecurity confronts them. Only when this fear is removed do they become in the fullest sense of the term a free people. We cannot reasonably expect the flowering of the higher attributes of humanity in a society that is diseased at its roots. Squalor, destitution, unemployment, slums, malnutrition, ill health, insecurity—these are diseases of the body politic which must be stamped out fearlessly and without equivocation before we can hope to build on foundations that are spiritually as well as materially secure. There is no moral precept within the Christian philosophy that would permit man or woman to live at ease with their own conscience so long as they were members of a society that allowed such evils to continue in its midst.

The Christian faith is a simple, clear, and all-embracing philosophy. But Christianity itself is more than just a philosophy—it is a way of life. Unless as Christians we are ready and willing to live as it teaches us to live, to act as it teaches us to act, to follow, so far as it is in our power to follow, the example of its Founder, unless we are prepared to do these things, then calling ourselves Christians, going occasionally to church, acknowledging our belief, is without meaning and without purpose. It is the practical application of Christian principles that will determine the future of the world and the future of our own lives.

In order, therefore, to be sure that the freedom we win is a freedom in which all will share, we must alter the principles at present accepted which give a title to the world's resources and raw materials, to the goods and services which are or can be made available to satisfy human needs. This, admittedly, will take much working out; but whatever difficulties it may present, the need for working it out, above all, the need for making a start now, and not when the war has finished, is none the less essential, if it is a world of free men and women that we are seeking.

Nor is it sufficient that we should think of the future only in

terms of careful planning and competent organization for the purpose of enabling a higher material standard of living to be enjoyed by the peoples of all countries. The fundamental difference between the society which we believe in, and the society which the dictators wish to impose upon us, springs from the importance which we attach to individual personal freedom. Under Hitler's new order, under the Japanese militarist regime, individual human personality is of no account—the State is all-important and all-powerful.

The State must and will play a more direct part in our daily lives than has been the case in most countries during the past few decades. But there must always be a point beyond which the State has no right to trespass. There is no inconsistency, however, between collective planning and organization through the State to provide the material needs of a high standard of living and the achievement of a fuller and greater individual freedom.

This is a war which is being fought without illusions. There is something both healthy and hopeful in this present lack of illusion on the part of the men on the fighting fronts, on the part of the men and women in the factories and in the homes, on the part of the people generally of the United Nations. We must retain this healthy freedom from illusions when the time comes to build our new world from the ruins of the old. We must see that while we do not go around shouting empty slogans about 'Wars to end war,' we really make this a war that does end war.

It will not be sufficient to win a great victory. True, we must destroy utterly and completely the totalitarian regimes of Germany, Italy, and Japan. We must free the world, now and for ever, from all that these systems stand for. But our determination to destroy must be matched by an equally strong determination to build. And this tremendous constructive effort that must follow victory will require as much courage, as much careful planning, perhaps no less material sacrifice, and certainly more tolerance and understanding, than the military struggle on which our present energies are concentrated.

We have reached a stage in the war when it is not only desirable but essential to begin discussing in detail the paths that must be built to post-war peace. The war may last many years yet, but

whatever time still remains before the problems of peace are thrust forcibly upon us, it cannot be too much for the full consideration of the tremendous task which lies ahead after victory. We must prepare now for that task as thoroughly as any nation has prepared for the waging of war, because the problems of peace are the same problems which brought about this war, and which will bring about another war unless we solve them, not only thoroughly, but with a minimum of delay.

When one considers the prospect of what the post-war world might be, one cannot hesitate any longer about the urgent necessity of seeing that the paths to peace are cleared, and cleared as rapidly as possible. It will require hard work and organization, not only inside each country, but on the part of all the United Nations acting collectively on an international scale.

Then, and only then, shall we truly have a type of world that may compensate in some degree for all the suffering and the misery and the terror this war has brought upon humanity. Then shall we truly have a chance of building a people's peace. This war is a war that is being fought by the people. We must ensure that its results are secured for the people. It must be a battle for an all-in security for all.

## CHAPTER X

### WORLD ORGANIZATION

UNLESS after this war a system of security is devised which will enable the world to keep the peace and avoid a future conflict, there will be no possibility of progress. Unless progress accompanies that peace, unless the peace is something more than a recognition of a new *status quo*, it will not be enduring; society will lapse once again into a world-wide struggle in which millions more men will be slaughtered. Hard and realistic thinking and action only will ensure a future with these two essential elements of peace and progress.

These objectives will be reached more quickly if we recognize the need for extending to the limit that freedom which we ourselves demand. The freedom we seek cannot permanently be confined to ourselves alone. We must work out in accord a conscious unity with a gradual extension of world organization. It is imperative not only that the spirit should be willing and the flesh strong but that we should use every God-given faculty, reason, strength, courage, and love, if we are to avoid the possibility of renewed and bitter conflict whether within the nation or between the nations. It is a responsibility which all must share. True, the responsibility shared by the members of the British Commonwealth with the United States and the Union of Socialist Soviet Republics is greater than that borne by other peoples of the world. Let us always remember, however, that the acceptance of that responsibility cannot be permanently good if we allow it to take on any form of dominance.

At no previous period in the history of the world has there been such a conscious and informed unity as there is to-day on the subject of world organization. The record of the United States stands out predominantly in the scroll of history. One can go back, for example, to the Declaration of Independence. The eternal principles set out in this chapter of American freedom are as vital and as full of meaning for the world to-day as when they were adopted by the first Congress of the United States one hundred and



sixty-eight years ago. 'We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, that among them are life, liberty, and the pursuit of happiness. That to secure these rights governments are instituted among men deriving their just powers from the consent of the governed.' Through minor wars, to the Civil War, America continued making, as the years passed, her gifts towards world order.

To put the present conflict in a slightly different perspective, it could be said that the present war is a civil war in which some sections of a civilization that must ultimately be world-wide are at present fighting one another. The Axis section, if successful, would put world civilization back for many centuries. But even when the military struggle is over it will call for conscious, courageous, and ordered effort if we are to continue going forward.

The nature of this war is such that if the United Nations are successful in their reconstruction effort as well as in their military effort, it may lead to avoidance of all future wars. But that depends on more than victory in battle. Without reducing our war effort by a fraction we should be preparing now and continuously for the negotiations which will commence on the day of victory.

From what point should deliberations begin about the type of peace which should follow this war? First, we should examine the situation as it is to-day, and the thinking already done about the peace, and, secondly, the extent to which the United Nations have committed themselves in one direction or another. If we do this our thoughts at once turn to the Four Freedoms and the Atlantic Charter.

The Four Freedoms are worth displaying on the walls of every school throughout the world. They should be the subject of prayer and study in the churches and in our homes.

This historic statement made by President Roosevelt in his message to Congress on 6th January 1941 should be continuously in the thoughts of our statesmen.

In the future days, which we seek to make secure, we look forward to a world founded upon four essential human freedoms: The first is freedom of speech and expression—everywhere in the world. The second is

freedom of every person to worship God in his own way everywhere in the world. The third is freedom from want—which, translated into world terms, means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants, everywhere in the world. The fourth is freedom from fear, which, translated into world terms, means a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbour anywhere in the world.

As President Roosevelt said, this is no vision of a distant millennium, but a definite basis for a kind of world attainable in our own time and generation. New Zealand, too, in common with the rest of the Commonwealth, has 'placed its destiny in the hands and heads and hearts of free men and women; and its faith in freedom under the guidance of God.' To us also, 'Freedom means the supremacy of human rights everywhere'; 'Our support goes to those who struggle to gain those rights or to keep them'; 'In our unity of purpose lies our strength.'

The 'Four Freedoms' were supplemented on 14th August 1941, when on the Atlantic Ocean the President of the United States, Franklin D. Roosevelt, and the Prime Minister of Great Britain, Winston Churchill, issued a joint statement of the greatest historic import.

This statement, now known as the Atlantic Charter, was issued by the two leaders for the purpose of making known 'certain common principles in the national policies of their respective countries on which they base their hopes for a better future for the world.' These principles can be briefly stated as: (1) no territorial or other aggrandizement; (2) the right of all peoples to self-determination; (3) the right of all peoples to choose their own form of government; (4) the right of all nations to equal economic opportunity; (5) the right of all peoples to enjoy improved labour standards, economic advancement, and social security; (6) the right of all nations to dwell in safety within their own boundaries; (7) the right of all men to freedom of the seas; (8) disarmament of aggressor nations pending the establishment of a wider and permanent system of general security.

On 24th September 1941, in St. James's Palace, London, a meeting of representatives of Belgium, Czechoslovakia, Greece, Luxemburg, the Netherlands, Norway, Poland, the Union of

Soviet Socialist Republics, Yugoslavia, and Free France made known their adherence to the common principles of policy set forth in the Atlantic Charter, and their intention to co-operate to the best of their ability in giving effect to them.

Then again, on 1st January 1942, at Washington, a further declaration in the following terms was signed by twenty-six nations, since which time eight other nations have added their signatures:

Having subscribed to a common programme of purposes and principles embodied in the joint declaration known as THE ATLANTIC CHARTER, being convinced that complete victory over their enemies is essential to defend life, liberty, independence, and religious freedom, and to preserve human rights and justice in their own lands as well as in other lands, declare:

1. Each Government pledges itself to employ its full resources, military or economic, against those members of the tripartite pact and its adherents with which such Government is at war.

2. Each Government pledges itself to co-operate with the Governments signatory hereto and not to make a separate armistice or peace with the enemies.

This declaration of common purposes by thirty-four free nations is one of the great political documents of the war itself, and is important because for the first time the term 'United Nations' was used.

The declaration was stated to be a declaration of the 'United Nations,' and from that time on the association of powers struggling to crush the Axis has been referred to officially as the United Nations. This term is important because it sums up far better than the word 'Allies' or any other such term, not only the concept of unity in the anti-Axis struggle, but also the idea of a permanent union of all the freedom-loving countries of the world and, eventually, it is to be hoped of all the world for positive post-war ends.

The term 'United Nations' was personally selected by President Roosevelt and Prime Minister Winston Churchill after considerable discussion at the White House. They wanted a term that would not have the same associations as the word 'Allies,' which was used in the last war and had last-war significance. It was not only a fresh term that was wanted, but a term that would express the wider ideas and the wider concepts which are in the minds of those who are fighting this war.

Two years is no great length of time for this term 'United Nations' to have been used. It is significant that the war had been in progress more than two years before the title came into existence. For in the early stages of the war, whatever the essential nature of the conflict was, the struggle had developed between two groups of powers bound by alliances in the old-fashioned way. The very occasion of the war, the invasion of Poland by Nazi Germany, brought Britain in because of guarantees she had given to Poland. Britain did not declare war, for instance, because of any obligation she had accepted as a member of the League of Nations. That is not to suggest that the moral reasons for which Britain went to war were any less valid than would have been the case had her declaration come as a result of the operation of the League Covenant. There is little doubt, on the contrary, that the highest ideals animated the British people when they took the grave decision of going to war in 1939, and that those same ideals animated a great part of the French people, whatever thoughts may have been in the minds of their political leaders. But the point is that at the time when war broke out the stand which the British people took in support of certain international principles, such as the rights of small nations and the non-use of force to settle international disputes, was made on the basis of a military alliance (between France, Britain, and Poland) and not on the basis of common membership of some international body like the League of Nations. This political tendency was dangerous, in that it suggested that this war was simply a 'balance of power' struggle and not basically ideological.

To many powers the present conflict was the natural result of the introduction of Nazi and Fascist policies, and these powers and people have felt from the beginning, and still feel, that this war is a war of conflicting ideas or ideals. The New Zealand Government, which declared war a few minutes after it had heard that Great Britain had declared war, definitely did so because it believed that if the rule of law with a foundation of morality and good conduct was to continue to govern the relations of nation and nation there was no alternative.

But this dangerous political terminology of the 'Allies' persisted throughout that early period until a series of developments

in the war changed it. In the first place the principal power which in the early stages had been linked to Great Britain in a defensive alliance, as in the last war, was France. In the second half of 1940 France was no longer a British ally, but in many ways acting almost as a British enemy. At the same time there came to London the governments of a great number of countries also engaged in the struggle against the Axis. These governments had left their own countries because of the advancing Nazi armies, and they had as a result to set up their capitals, as it were, inside Great Britain. Thus, the Norwegian, Dutch, Belgian, Czechoslovak, Greek, Polish, Yugoslav, and Luxemburg Governments were, by the middle of 1941, all resident on British soil. This, naturally, intensified the 'United Nations' idea, because these governments, instead of being scattered over the face of Europe, were now concentrated in one spot. The very fact, moreover, that they had been driven from their own countries, and that their countries would have to be reorganized and rebuilt in any case, gave them a much greater sense of the necessities of the future than corresponding allied governments had had in the last war. They were first brought together on the occasion of the meeting on 24th September 1941, when they affirmed their adherence to the Atlantic Charter.

The year 1941 was significant in two other directions. It saw the adherence to the fighting forces ranged against the Axis of two major powers, the Union of Soviet Socialist Republics and the United States of America. The significance of the entry of both of these powers into the war cannot be overstressed. It meant that it was now possible to use the wider term 'United Nations' with a solid sense of reality, for it was clear that all the important nations were now joined in one camp against the Axis. The virtual withdrawal of Russia from contact with western Europe, which had taken place on 23rd August 1939, when she signed her non-aggression pact with Germany, was completely reversed. The United States policy of non-intervention in European affairs which had resulted from the decision of Congress to remain outside the League of Nations was also radically changed. In December 1941 the entry of Japan into the war emphasized the importance of China in the conflict.

Force of circumstances had achieved the result which diplomacy

had not been able to achieve. It had ranged China, Russia, the United States, and the United Kingdom in one diplomatic bloc to which were added twenty-two other states in January 1942, and which eight other nations, including, with one exception, the great republics of South America, joined later. After Pearl Harbour, this second world war became a global struggle. Political developments following the same road brought the 'United Nations.'

Much has been said and much has been written about the common aims, the common purpose, and the common effort since New Year's Day, 1942, when the representatives of the United Nations assembled in Washington to declare their solidarity against the Axis. But it is not enough merely to come together in adversity, not enough merely to proclaim, however solemnly, a new and lasting unity, to protest, to all the world, good intentions and high resolves. The obligations which the United Nations have assumed and the declarations of common purposes to which they have subscribed, if words have any meaning at all, go much further and much deeper.

What exactly is the nature of the unity of which we speak? What, precisely, are the circumstances from which it springs? On what specific undertakings is it based? To what ultimate ends is it directed? Unless we ask these questions and ask them insistently, there is a danger that we shall fail to view our larger unity in its true perspective either by giving to it too little, or by expecting from it too much.

Is then to-day's grand union of thirty-four free nations simply the result of the exigencies of war? Is it simply a military alliance, no more and no less, a unity born of expediency, inspired by the last-minute realization that the alternative to standing together is falling one by one?

Let us be frank and admit that it was self-preservation which impelled us to come together, which has given us a common will and a common purpose that may, we hope, hold us together long after the present menace to our freedom has been destroyed. Perhaps history will record that even as Napoleon laid the foundations for the development of those larger national unities which emerged during the nineteenth century, so, in the twentieth

century, Nazi Germany in the west and totalitarian Japan in the east made at least this contribution to mankind, that by their very tyranny and oppression they aroused among the free peoples of the world such an awareness of their freedom and so strong a determination to preserve it that at long last the anti-Axis nations accepted those small sacrifices of national interests and sovereignty, sacrifices essential for the achievement of that still larger international unity which alone can guarantee their freedom, a unity which we hopefully sought between Versailles and Munich, but which we never really believed in, and so never found.

But the verdict of history is not yet, even though the history is now being written. It will be our responsibility, the responsibility, that is, of every man and woman of the United Nations, to see that this verdict is one which will ensure for the world's people peace, freedom, security, and a fair share of the earth's riches. This will demand, on our part, recognition of the fact that in peace no less than in war, the security and progress of each part of this commonwealth of free nations is dependent on the continuing vitality of the whole. It will demand, too, a readiness to work together in the task of elaborating a common programme for post-war reconstruction no less than in the immediate task of evolving a common strategy.

How, it might well be asked, can nations so diverse as those who have given their adherence to the Atlantic Charter find any common basis for collaboration other than in the strictly military sphere? Consider, for example, the diversity of the political systems, economic policies, social attitudes, national aspirations which characterize the peoples and the governments of the United Nations. Unity, however, does not imply uniformity—except in Germany, Italy, and Japan. Therein lies the inherent weakness of the Axis and the inherent strength of the United Nations.

The differences which divide the latter are of small consequence compared with the basic identity of purpose which unites them. What is important about the 'United Nations' idea, and what differentiates these nations as a group of fighting powers from the 'Allies' of the last war, is the fact that its members have agreed on a programme not only for the war, but for the post-war period. They have the Atlantic Charter as the basic document on which

agreement has been reached. Since it was drawn up and signed that August day on a battleship in the North Atlantic many of the charter's adherents, and certainly many of the chief adherents, have reiterated their belief in its principles. All the main leaders of the British Commonwealth of Nations have stated explicitly within the last year that the Atlantic Charter is the basis of their policy. That is not, of course, surprising because the document was originally agreed upon by the Prime Minister of the United Kingdom, Winston Churchill, and President Roosevelt. What is more significant is that not only did the U.S.S.R. sign the United Nations declaration but Stalin, in his speech on 6th November 1942, specifically reaffirmed principles similar to those of the charter, though not in exactly the same words. So we may reasonably take it as established that the principles of the Atlantic Charter are the foundations of post-war peace. The Four Freedoms have not had the same degree of public acceptance in other countries as in the United States, but since they are largely embodied in the Atlantic Charter they are fundamental in post-war policy.

You cannot have, without the risk of future conflict, charters embodying different principles operating for the same people or even charters embodying different principles operating for different peoples. You can have different methods of applying the same principles, but there can only be one universal charter. The Atlantic Charter is a world charter. It applies to all continents, all peoples, all races. As such it is a document phrased essentially in general terms. What we have to determine, therefore, when discussing what will constitute a progressive peace, is really what concrete interpretation is to be given to its principles. That is to say, what policy we are to follow, both now and after the war, so as to ensure that the Atlantic Charter comes to mean as much in reality as Magna Charta in England or the Declaration of Independence in the United States.

The principles of the Atlantic Charter can be applied, though their application will, of course, be difficult, particularly in Africa, in the Pacific, and in certain other places. But because these difficulties will arise, it is imperative that we start now determining how to meet and overcome them. If evidence were needed that these principles can and ought to be applied, one could quote



Kirtley Mather, head of the geology department of Harvard University, who spoke over the radio for the American Philosophical Society on 17th July 1942. He said:

Even this hasty survey of the resources of the continents therefore leads us unerringly to the conclusion that if man is to make full use of the available mineral wealth, his social, economic, and political organization must be on a planetary rather than a continental basis. Each continent has sufficient stores of raw materials to give it a place of equality with every other continent. From the geological point of view there is no basis for rating any continent as inferior to any other. But no continent can provide sufficient amounts of every ingredient of modern civilization to satisfy the needs of man. Only as each contributes freely and without hindrance to the welfare of all mankind can the resources of any be utilized to the best advantage. The geologist cannot escape the conclusion that the earth is far better adapted for occupation by men organized on a world-wide scale with maximum opportunity for free interchange of raw materials and finished products the world around, than for occupation by men who insist upon building barriers between regions even so large as entire continents.

One could also quote the head of the United States War Production Board to support the contention that we must start building now for the post-war world. Donald Nelson, in a pamphlet entitled *Toward New Horizons* issued by the Office of War Information, stated:

For the first time in the history of the human race there can be enough of everything to go around. Poverty is not inevitable any more. The sum total of the world's greatest possible output of goods divided by the sum total of the world's inhabitants no longer means a little less than enough for everybody. It means more than enough. The possibilities in that simple statement are beyond calculation—and what we are fighting for is the right to turn some of those possibilities into realities.

Thus we have the evidence of the statesman, the scientist, and the industrial administrator, which is supported by the following resolution passed at the Inter-American Seminar on Social Studies under the sponsorship of the National Catholic Welfare Conference held in Washington in 1942, which affirmed that:

This earth and the people of the earth do not exist for lone individuals, single families, or single nations. God gave the earth to all mankind and made men brothers. Transcending, but including, individual, family, and national rights is the obligation to develop the resources of the earth

and to distribute the goods that man thus co-creates with God for the increasing well-being of all mankind. Within this principle come not only the rights of the nations to live and live well, but the rights of families within the nations.

There is, therefore, a surprisingly wide agreement on general objectives among the peoples' governments and the leaders of the United Nations and on the practicability of achieving them. Objectives, however, are not enough. It is not even sufficient that there should be general acceptance of the principles set out in the Atlantic Charter as a practical basis for post-war reconstruction. Clearly, it will be necessary before very much progress can be made for these principles to be translated into much more detailed and specific terms of domestic and international policy. It will be necessary, that is to say, to find some basis of common action in relation to concrete problems that will inevitably confront the United Nations as soon as the task of reconstruction begins in earnest. These concrete problems may be broadly considered under three headings: (1) post-war security; (2) post-war economic development; and (3) post-war political organization.

All three will constitute vital spheres of common action in the immediate post-war period, with respect to which some measure of agreement between the Governments of the United Nations is urgently needed. When it becomes necessary to decide upon specific measures whereby common objectives can be most easily and most rapidly achieved, profound differences of opinion not only between the different United Nations, but inside the various countries themselves must be expected and, in fact, have already been evidenced. How are such differences to be overcome without sacrificing in the process that larger unity without which no lasting settlement can be reached? Two steps are essential. One is that we must decide on the type of world we want to build. We must have as clear a picture as possible of its main features even though we cannot at this stage fill in many of its details. The second is that we must decide now and start to build now the institutions and the machinery which will be needed to establish the kind of world we want. In the former connection, the first immediate requirement is the fullest possible debate within each country as to its specific post-war aims; the second is not further

discussion but definite action on such practical objectives as are already agreed upon in principle.

The United Nations, by getting together now for the purpose of finding real solutions to certain post-war problems, so far as they can at present be foreseen, will be building up the machinery and the understanding necessary for solving other problems as they are encountered. Such working together on certain immediate problems is likely to engender goodwill and a sense of co-operation that will be of lasting value. This is common experience; a sense of common action is of much greater importance than agreement in words. A public debate between the countries on their immediate post-war aims might lead at the present time to misunderstanding and friction which would hamper the war effort, but a getting together of the United Nations on concrete issues can only lead to understanding and future co-operation. Moreover, it is not possible for the governments of the United Nations to sit down at a conference table now and talk of long-term objectives in other than very general terms, because those governments, with some notable exceptions, are not themselves sure of what their post-war policies will be except that they are all committed to work to the principles of the Atlantic Charter. In the United Nations particularly, there has been no clear agreement reached as to the lines on which the post-war world shall be built. That is, there is no clear agreement inside the countries concerned. For that reason, the importance is stressed of a frank airing and a frank discussion of opinions inside each individual country.

There is no time to be lost in encouraging this internal debate because it is essential that public opinion should be educated to the full about the fundamental causes of the war and the way to remove those causes if this war is not to be followed by another one. There are immense realms of ignorance to be removed. The proposal that the Atlantic Charter should be approved by the legislature of every one of the United Nations has, therefore, much to commend it, because the very act of securing that approval would lead to widespread debate both inside and outside the legislatures, and would thus secure the airing of every point of view. It would provide a focal point round which discussion of war aims could develop. It would bring to the surface types of criticism and

opposition which are much better brought out in the open than left to breed resentment and suspicion and ill-founded fears. Then, too, the adoption of the charter by the legislature of the different United Nations would help clear the way to its speedier implementing. This all means work, but it is worth-while work and, indeed, essential work even while the war is on.

It is not sufficient, moreover, that vital decisions affecting the future organization of the world should be reached in secret conclaves of officialdom. If the peace we are striving for is to be a people's peace, then the people must share in it. In the United States and in other countries the people are vigorously expressing their determination to be heard, and it is safe to say that no commitments or arrangements can be met or carried out that do not reflect their feelings and their aspirations and which do not have their complete and unqualified endorsement. The awakening concern about the peace settlement to which men and women of every shade of political opinion are giving voice to-day is, therefore, to be welcomed. The more these problems are talked about and the more that thoughtful, constructive ideas are expressed, the greater will be the possibility of building firm foundations for the future.

We may claim to have made at least some progress towards clarifying our ideas as to the main contours of the post-war world. On the organization side, however, little enough has so far been accomplished. In this respect, the most pressing problem is to give real and effective content to the United Nations idea, to make it a reality and not merely the symbol that it has tended to be in the past.

A further step forward was taken in the development of the United Nations idea as a method of waging war at the meeting of President Roosevelt and Winston Churchill at Casablanca in February 1943. The significance of this occasion was not that President Roosevelt and Mr. Churchill met, because they had met a number of times before, but that they advised Generalissimo Chiang Kai-shek of the meeting and invited Premier Stalin to join them. Though a full meeting proved impossible, yet for the first time the Big Four of the United Nations were working closely together. It is to be hoped that the complete co-ordination of the United Nations' war efforts will be achieved,

because although we may be over the watershed and on the beginning of the path to victory, there is still no reason for slackening our effort. Greater co-operation and integration of effort can still accomplish a good deal. The most important thing for the moment is not only to win the war, but to win it with the least possible cost in human suffering.

On present evidence, it seems clear that neither the United States, Russia, China, the British Commonwealth, nor any other of the United Nations, can win the war on its own; but they can win it together. If only together they can win the war, why not a United Nations war council and a United Nations military council with representatives of Russia, China, the United States, the British Commonwealth, and with provision for India to be represented if and when she lends her full support to the fight against Axis domination. Subsidiary to the war council, there might be representative regional councils similar to the present Pacific War Council whose responsibility it would be to take charge of each theatre of war after the general over-all strategy had been determined by the United Nations Council. The production, assignment and control of all munitions and equipment would, under such a scheme, be left to the military council, whose responsibility would embrace all operational and tactical decisions.

This procedure should result in: (1) a United Nations war council to determine major policy; (2) a United Nations military council to determine operations in line with the general policy laid down by the war council; (3) regional war councils composed of representatives of those nations vitally concerned in each major theatre of war and functioning as the Pacific War Council at present functions; (4) production and assignment councils, entirely subject to the direction of the United Nations military council, responsible for seeing to the production of munitions and equipment and their allocation to the various theatres of war, in accordance with strategic and operational requirements. Munitions and equipment, once assigned and dispatched to a particular theatre of war, would, at that point, come under the control of the military authorities in that theatre.

These few ideas are intended only to indicate the kind of practical measures which the United Nations can and should take, without

delay, in the interests of more complete and more effective unity in the prosecution of the war itself. Tremendously urgent and essential though it is that our military effort should be a completely unified effort in terms of strategy, production, and operational controls, this plea for unity goes much further. It is a plea that the unity which is evolved painfully on the field of battle should be carried over with no interruption, but, if possible, strengthened and reinvigorated, into the era of peace.

We know how fully the natural instincts of combat, excitement, and comradeship can be satisfied in a struggle against the elements. We know that there is as much satisfaction to be found in such a contest as in any struggle against a human foe. Any man who has worked, shall we say, on a great electric power scheme, fighting nature under hard conditions, side by side with other men, and then one day has been able to look down on a mighty dam holding back the waters of a huge, new lake, with a great new power house down below providing current which will light homes and cities, drive the machines of factories, and bring light and energy to countless parts of the country—any such man knows full well that peace, no less than war, can be crowded with exciting effort and heroic achievement, effort and achievement, moreover, which bring no suffering and destruction in their train but a better life for all.

Hitler gained an enormous advantage by having built up in peacetime a tremendous organization for waging total war. We must in wartime copy his example by preparing an organization with which to build a total peace when the time arrives. We must not assume that once victory is achieved and the fighting stops we shall then have peace. We may have an absence of hostilities, but that will not be peace, because peace is something which has to be built; only by diverting human energy into great constructive activity, as exciting and compelling as the activities of war, can a further terrible and costly conflict within another two or three decades be avoided.

Recent events have shown that victory, when it comes, may not come rapidly, but will almost certainly come suddenly. We must, therefore, be sure that when the victory does come we have in readiness, if not a completed blue-print of the world of the future,

at least plans for the establishment and functioning of councils and organizations whose responsibility it will be to draw up those blue-prints. All our efforts in this war will have been in vain unless the United Nations idea can be carried on into peace.

It is vital to remember that although some advances have been made in the development of procedures for co-ordinating military strategy and military action during the war, there has been no corresponding attempt to build up any effective political organization. There are only two United Nations non-military organizations in existence at the present time: the United Nations Information Office which grew out of the Inter-Allied Information Bureau, originally organized in New York under British sponsorship; and the Interim Commission of the United Nations Food and Agriculture Organization set up at the Hot Springs Conference. This information office is performing a useful purpose, but it is essentially a publicity organization of the individual member nations. There is no common consultative political body where these different powers who are joined together to defeat the Axis can meet and discuss their common problems. Therefore, we must be careful not to allow ourselves to be misled by the term 'United Nations' into believing that a League of Nations in some kind of skeleton form has been revived. The Interim Commission of the United Nations Food and Agriculture Organization is the most promising organization yet established on a complete United Nations basis.

With this clear in our minds we can proceed to consider what political form a United Nations organization should take. We might do a great deal worse than start by examining the organization of the League of Nations.

The general opinion is that in essence there was nothing wrong with the League of Nations idea but that its machinery had not been applied in its full vigour. The New Zealand Government in the memorandum sent to the League in 1936 summed up the position as follows: There was nothing inherently wrong with the League idea and very little wrong with the actual organization of the League. What was lacking was the will to make the organization work; a lack of any real determination on the part of the members of the League to enforce their decisions. The fault lay not in the League or in the organization of the League, but in the minds of

the member states and particularly of many of the statesmen responsible for the policy of those member states. It was suggested, in short, that if decisions of the League were fully backed up by all its members, it could be made an effective instrument of security. That view, I believe, is as sound to-day as it was then.

These, then, were the ideas which animated the New Zealand Government when this memorandum was drawn up in 1936. They are ideas which have not been invalidated but have actually been reinforced by what has happened since. Among other proposals the memorandum emphasized that:

New Zealand was prepared to take its share in the collective application, against any future aggressor, of the full economic sanctions contemplated by Article 16, and was prepared, to the extent of its power, to join in the collective application of force against any future aggressor.

It was also stressed that the sanctions contemplated by the present Covenant will be ineffective in the future as they have been in the past:

- (1) Unless they are made immediate and automatic;
- (2) Unless economic sanctions take the form of the complete boycott contemplated by Article 16;
- (3) Unless any sanctions that may be applied are supported by the certainty that the members of the League applying the sanctions are able and, if necessary, prepared to use force against force.

The institution of an international force under the control of the League was suggested and recommended.

New Zealand also expressed the view that the League would never work unless the governments which formed it had the declared approval of their peoples in their support of the League system, and suggested that some machinery should be set up for the ventilation and, if possible, the rectification of international grievances through some form of international tribunal.

The essential weakness of the League in the past was its tendency to postpone or to refuse to face up to difficult decisions, thereby frustrating the very principles upon which its whole existence was founded. What we wanted was a little more action and a little less



talk and a stronger form of international machinery to make that action possible. We wanted a Covenant with some 'bite' in it. We were even prepared to urge that the Geneva Protocol of 1924 should be revived. (The Protocol defined 'aggression' in clear terms and closed the gap in the Covenant which still left war legitimate should the League fail to achieve settlement between the parties concerned.) These were the views which New Zealand stressed. They were based on the beliefs, which many then scorned, but which are now accepted by all, that no collective peace system could be entirely satisfactory unless it was universal, and that every possible effort should be made to make it universal.

In these days it is fashionable to talk about global war and the indivisibility of peace. In this memorandum of 1936 New Zealand had already envisaged the necessity of thinking and planning on a global scale. Looking back across the intervening years one realizes that the League of Nations, as constituted after the last war, was never more than a loose confederacy of the nations of the world, a loose alliance of sovereign states each agreeing to discuss international problems openly at Geneva, each agreeing not to resort to war except in certain cases, and each agreeing to impose sanctions of a greater or lesser strength against any aggressor. But there was nothing in the League organization to make it universal, nothing to force the member states to stay in the League, no international force to back up the League decisions, in short, nothing very much beyond the goodwill of the League members.

The underlying principles of the League can be revived, in fact will have to be revived, but they will stand very much greater chances of acceptance and successful application if they are given expression in some entirely new organization with a new spirit and a new will to succeed where the old organization failed. The new spirit that is required is already in evidence with the growing urge to transform the United Nations idea into a real and vital entity.

An international political organization based on the United Nations concept would have at least one tremendous advantage over the old League system in that the members composing it have accepted certain moral principles as binding on their future policies and actions in their own domestic sphere as well as in the international sphere. These principles, as laid down in the Atlantic

Charter and the Four Freedoms, may be regarded as constituting a bill of rights for future humanity, and no future world organization which is not built on this moral basis can have any prospect of enduring. It is difficult, therefore, in considering this question of post-war collective organization, to see any practical alternative to the establishment as soon as possible of a United Nations council charged with the responsibility of ensuring that the principles of the Atlantic Charter are given effect to and that peace is maintained and war avoided in the future. Since, however, numerous alternative schemes of post-war organization have been put forward and command a fair amount of support in many quarters, it may be worth while to give them brief attention. Such schemes fall generally within two broad categories: First, those which are in effect based on the balance-of-power principle; and, secondly, those which are based on the principle of world or regional federation.

The balance-of-power principle is advocated by those people who so frequently describe themselves as realists but who really shirk the necessity of working out in advance what is possible, preferring to go on from day to day doing what is forced on them by events. The advocates of this policy would seek to preserve peace in the world after the war by a system under which Britain or the United States or Russia or China or France would make alliances and groupings of the smaller states in order to maintain the *status quo*. This would have exactly the same drawbacks on a world scale as the old system of balance of power inside Europe had on a European scale. It would lead once again to intrigue and to the old forms of ultra-secret diplomacy, to jockeying for power in small countries, to disputes for strategically important areas; and it would carry with it grave danger of future war. It is not really a system at all, but simply the negation of a system which must surely lead to misunderstandings, to the maintenance of huge armies, navies, and air forces in separate national areas, and ultimately, if we can believe the lessons of past history, to another conflict.

The operation of this balance-of-power principle would, in its essentials, be a balancing of power of the four main states or groups of states which will emerge at the end of this war, the United States of America, the British Commonwealth, Russia, and China, so that there is, in fact, a very close connection between the straight-out

balance-of-power policy and those proposals which envisage the control of the post-war world through a close alliance of these four big powers. There is, however, an essential difference. In the first place, there can be no doubt that it is from these four main powers that the bulk of the world police force and of the actual machinery and materials for world reconstruction must be drawn. The war will end with Britain, America, Russia, and China dominant in a physical sense. By sheer force of their contribution to the struggle their voices will count much more at any peace conference than those of the smaller members of the United Nations. This is not necessarily to be desired, but it is reasonable to assume that at the end of the war this big four will be in a position to do something at once towards the reorganization of the world, and that they will possess between them sufficient force to ensure at least for some time to come international order and development.

The great drawback to such a policy is that it gives no natural outlet for expression to the smaller states, and that it may tend to curb the development of some of the smaller states, and to frustrate the natural desire of their peoples for a share of responsibility in the tasks of world reconstruction, a share which many of them by their efforts in this war have fully earned. Without going into the case of New Zealand or of its war effort, it can be said that we, who have had men engaged on practically every battle front of this war, and who have mobilized so large a proportion of our man power, have a right to have our voice heard in the deliberations that take place on all matters affecting our future. And there are other countries which, though small, have suffered so greatly in the common cause that they, too, are entitled to have their voices heard.

A big-power domination would never give the peoples of the smaller countries the sense of self-fulfilment and self-determination to which they are entitled, nor would it remove the inherent danger that at any time the big four may split up into two or more groups, playing the old balance-of-power game with all the disadvantages and disastrous consequences of power politics. Such an arrangement, however, cannot be completely ruled out as an interim solution for post-war problems. Everything would depend on the spirit in which these four countries exercised their powers, and the

test of that spirit will be whether or not they act in accordance with the principles of the Atlantic Charter and the Four Freedoms. Only if the charter is applied with realism as a genuine Magna Charta for all the world, and only if the big four exert their influence in the interests of the world at large, can there be any justification for their assuming a dominating post-war role among the nations. Nothing is more certain, however, than the fact that there can be no assurance of permanency for any settlement which is dependent on the dominance of a few nations.

Another modification of the balance-of-power policy that is often urged takes the form of a proposed powerful Anglo-American bloc. This suggestion has been put forward on the grounds that Britain and the United States may well emerge as the two most powerful states at the end of the war, and that they possess, furthermore, a common tradition and a common ideal for the development of the world. While there is much to be said for these opinions, such a proposal is open to exactly the same objections as the proposal for a rule by the big four combination; indeed to even graver objections, since no post-war arrangement which ignores the role of Russia in the affairs of Europe and of China in the affairs of the Far East can possibly be expected to succeed. It would lead only to bitterness and insecurity and, sooner or later, to another war.

Turning for a moment to schemes of world federation, most internationally minded people will undoubtedly agree that, from a political point of view, the federal principle is the ideal solution of the world's problems; but because it represents an ideal solution it is fraught with too many organizational difficulties to make it a practicable objective of immediate post-war policy. Too frequently, also, schemes of world and regional federation ignore the importance of the economic factor. No political scheme that does not take full account of the influence which economic considerations can have in international affairs can possibly hope to succeed. As a long-term objective which may gradually evolve from some less ambitious but more feasible immediate form of United Nations collaboration, a federated world is, undoubtedly, worth looking towards.

Just exactly what does the principle of federation involve? The

old League of Nations concept rested on a belief that the like-minded nation states of the world should voluntarily join in a confederation which would gradually evolve common institutions. A confederation is essentially an association of states which do not transfer to a central body any sovereign power. They join together in a league or union, but each keeps the realities of power in its own hands. Lord Simon, the British Lord Chancellor, has said that this type of association aims 'not at forcing upon as many people as possible the effects of some international organ, but at getting agreement between as many sovereign communities as may be.' This was the essential nature of the old Articles of Confederation which linked the United States together until the great American Constitution of 1789 came into being. It is essentially an alliance in which the independent states retain their full powers.

Federation, on the other hand, is a very different thing. By federation is meant a union of sovereign states which agree to delegate certain specific governmental powers to a new federal body. Two essential characteristics of such a federation, as shown by the history of the United States, are that final overriding power rests in the hands of the federal authority, and that the constituent states agree on a common charter of rights and on free economic intercourse one with another. As the long and costly American Civil War demonstrated, however, such a union must be a body from which member states cannot secede as they think fit. A world federation, therefore, whatever its precise political structure, would ultimately have to bring into being a world government with final authority over the different national governments on certain specific matters.

An examination of the literature on the subject of world federation reveals a good deal of advocacy for this idea, far-reaching though it may be. Its advocates include, for example, H. G. Wells, who in his *Guide to the New World* calls on the three great air powers, America, the British Commonwealth, and Russia, to impose a federation on the world. In the United States various bodies have called for a federal world government. There is an organization called the World Federalists. There is Mr. Ely Culbertson, who has turned his agile mind from bridge to start an organization called 'World Federation, Inc.' His carefully

worked-out scheme provides for an international world police force and for international taxation. But perhaps the best-known advocate of the federal solution to international difficulties is Clarence Streit, who urges a full federal union for all mankind, to be achieved step by step. His approach is primarily ideological and not geographical. That is to say, he wants to federate, in the first place, all people of like ideas and like principles. His original policy was to take as his first goal the union of the democracies, and from that to develop the union of the world. In more recent years Mr. Streit has been urging, particularly in his book *Union Now*, the immediate union of the English-speaking countries.

There have been other advocates of similar federalisms. There is, for instance, the idea of a federal Europe, as put forward by a number of writers, while a variety of schemes have been advanced for other regional federations either independent of, or linked to, a world scheme. The main issue, however, is the practicability of a world federation. What chance is there after the war of securing an international state of a federal character in which there would be a federal government ruling in such spheres as are delegated to it by the local governments of the world, or, to put the matter very simply, to what extent can a governmental system similar to that operating in the United States be extended to the whole world in a way that will meet the requirements of the world?

Is such a thing possible? In answering this question we have to look first at fundamental moral issues, then at economic issues, and only ultimately, when we have examined these two, at the political issues involved; because unless the peoples of the different countries of the world, and unless the governments of these countries, are united on moral ideas and want the same freedom in life, and availability of necessary things, then the chances of effective world federation are obviously very slim. It is difficult to see how an international federal government, basing its beliefs on the Four Freedoms and the Atlantic Charter, could tolerate Fascism or even the cultivation of states of mind akin to Fascism among any of its individual members. It could not, for instance, permit the educational system of any one of the states to cast doubts on the principles of the Four Freedoms. There must be agreement as to the basis on which life is to be run if we are to have democracy

and if we are to have any effective federal organization working in a democratic way. This essential condition would be met, however, by the fact that the Atlantic Charter and the Four Freedoms have been accepted by the United Nations. In so far as these two documents were accepted as the bill of rights for the federal world there would then be a solid basis from which to begin.

We come, then, to what may well be termed the core of this whole problem of a world political organization, which is the power and the means it would have of exercising necessary economic controls over the member states. A world federal state could exist, if it was constituted to deal effectively with the economic problems of the peace, because only then could it prevent the growth of those economic conflicts both within and between the nations which, in the past, have had such a considerable share in sowing the seeds of war. Such a world state, for instance, would have to ensure the planned and orderly development and expansion of a world economy from a world point of view; it would have to see that the channels of international trade were freed of unnecessary barriers and restrictions; it would have to regulate the flow of capital and secure, to the fullest extent possible, the objectives of full employment and greater economic security for the world's peoples; it would have to ensure, too, that in the future Nazi ideas and Nazi methods, for example, would not be tolerated in any one of its member states, that there would not again be such a breakdown in world economy as would provide future Hitlers with the enormous armies of unemployed from which to draw storm troopers and political supporters.

The achievement of this international economic control and international economic organization is perhaps the most difficult problem facing the present and the post-war world. If such control can be achieved, then there is a possibility for world federation, but the future is still too uncertain and the problems in it still too vague for any such scheme to be attempted now. What is imperative is the establishment of some type of international organization that can function immediately. Why, therefore, can we not take hold of the United Nations concept, give it political machinery and specific tasks, and then see whether we may reasonably anticipate the gradual evolution from its councils and

deliberations of a permanent international organization which may or may not assume a federal character, but which will be definitely patterned to the vital requirements of the new world order?

As a first step towards the building of a post-war world organization, there should be set up now a United Nations council. This council would be an essentially political body paralleling the proposed supreme war council of the United Nations, with the difference, however, that it may well be desirable, for obvious reasons, to limit representation in the latter body to the four or five main powers primarily concerned with actual military operations. The political council, representative of all the United Nations, would, of course, concern itself with the existing world position. Its chief responsibility would be to look to and prepare for the post-war situation and, in particular, to consider the nature of the peace settlement, the procedure for giving effect to the principles of the Atlantic Charter, and the arrangements that will be necessary for guaranteeing security in the future. Once such a council gets under way, it might in itself, as a result of its work, provide such a volume of practical experience in solving both the political and economic problems of the future, that it would not only reveal, but would simultaneously meet, the political necessities best fitted to the future development of the world.

There is a danger that in occupying ourselves too much with schemes of future world organization, with devices for international policing, with proposals for international economic adjustments, with settlements of colonial questions, we may tend to overlook the end to which all these measures are but means. That end has nowhere been more magnificently stated than at a recent international gathering at which an American Negro, summarizing a round-table discussion, concluded his remarks with these words: 'The real objective must always be the good life for all of the people. International machinery will mean something to the common man in the Orient, as indeed to the common man throughout the world, only when it is translated into terms which he can understand: peace, bread, housing, clothing, education, good health, and, above all, the right to walk with dignity on the world's great boulevards.' The world we build after this war must be a world in which these aspirations are realized to the maximum.



It must be a world in which no longer millions upon millions of men and women continue to tread fearfully in the shadow of insecurity. It must also be a world from which the scourges of mass unemployment, mass poverty, mass ill health, disease, and insecurity are unflinchingly and uncompromisingly rooted out. It is a free world for which we are fighting, a world freed from the menace of Hitler and the evil system he would seek to impose, but freed, too, from these other evils which in the past have enslaved the larger part of the world's peoples.

We already have in existence organizations that have been evolved for the purpose of running a global war, and which can very easily be transformed into organizations for constructing a global peace. There are, for example, the Combined Raw Materials Board, the Combined Production and Resources Board, the Combined Food Board and the Anglo-American Food Committee, the Combined Munitions Assignment Board, the Combined Shipping Adjustment Board, the Combined Chiefs of Staff, and other organizations through which the war effort of America and Britain at least has been closely integrated. Nearly all these organizations could carry out exactly the same functions in time of peace as they are carrying out to-day in time of war.

The Combined Raw Materials Board could still go on deciding what materials are required and how available stocks can best be utilized for meeting the urgent demands of peacetime industry. The Production and Resources Board could continue its job of maximizing production of what can reasonably be defined as essential commodities, equipment, and services, and ensuring their availability to those countries whose need is greatest. The Food Board could be responsible for the distribution of food, first to the starving peoples of Europe and Asia, and, eventually, so as to ensure a world-wide standard of good nutrition. Assignment boards could carry on their functions, except that assignments would be determined not by military strategic considerations, but by considerations of economic and social welfare. The Shipping Adjustment Board could allocate the ships, which will be as precious then as they are now.

Unfortunately, we have not yet ready, even in its most minute skeleton form, any peacetime organization which we can use to give

strategic unity and direction to our reconstruction and development offensive. We must create such an organization, or at least the nucleus of such an organization, as soon as possible. One way of achieving this would be by the setting up of a reconstruction joint staff which could be called a world reconstruction and development council, and which could have subsidiary councils organized on a regional basis much in the same way as the suggested United Nations war council and its regional subsidiaries. This reconstruction authority, whilst possessing a clearly defined sphere of responsibility, would be subordinate to the supreme political body of the United Nations if and when such a body was constituted. Broadly, its job would be to start preparing and planning now for the economic, financial, and social rehabilitation of the world the moment the fighting ceases. Specifically, it would be required to work out peace logistics, to readjust stock positions, to deal with the problem of surpluses after the war, to arrange for the continuance of a world lend-lease procedure that will enable plant, equipment, and raw materials to be transferred to countries where the need is greatest, and generally to see that commodities and production facilities are made available according to capacity to produce, on the one hand, and relative need, on the other.

Care will have to be exercised to ensure that the powers and authority vested in the world reconstruction and development council and its subsidiary bodies does not conflict with, or limit in any essential respect, the complete freedom of the war and military councils to take any action they consider necessary for the successful prosecution of the war. Subject to this important qualification, however, the principle should be accepted that the reconstruction and development councils ought to possess the same authority and power in their particular sphere of responsibility as it is proposed to give the war councils in the sphere of war activities.

It is inevitable, of course, that while the war lasts reconstruction and developmental work will be confined, in the main, to preparation of plans and working out of procedures so that as soon as the time arrives the transition from war to peace can be effected smoothly and with a minimum of disturbance and distress. The job of assembling the necessary data, of finding a basis of common

action, of formulating specific proposals—this in itself is likely to tax the ingenuity of the wisest men and women. We cannot start too soon.

The first step will be to determine our objectives, which must be in full accord with the principles of the Four Freedoms and the Atlantic Charter; this reconstruction and development objective should be: (1) to maximize production of what could reasonably be defined as essential commodities (this might mean the provision of productive equipment in addition to consumable goods); and (2) to assign these essential commodities and equipment in the post-war period to those places where they are essential for the satisfaction of urgent physical needs and to foster productive development.

These assignments should be determined by the same rules as now govern the decisions of war councils. In brief, they should go where they will give the best results—results, however, measured not in terms of military strategic advantage but in terms of economic and social welfare.

When the definite objectives have been determined and agreed upon it will be the responsibility of the regional reconstruction and development councils to carry out these objectives, subject, of course, to the general direction and broad policy decisions of the world council.

To summarize the immediate steps required in order that we may ultimately reach the objectives stated, there should be set up:

1. A United Nations war council representative of, say, Russia, China, the United States, and the British Commonwealth. This council will determine the major policy and strategy of the war.

2. A United Nations military council to control tactical and operational work in accord with policy and major strategy as determined by the war council, with production and assignment councils acting under instructions of the military council.

3. Councils similar to the Pacific War Council on which each country in any particular theatre of war would be represented and which would, under the authority of and subject to the United Nations war council, take charge of each particular theatre.

4. A military council for each theatre of war subject to the

United Nations military council, with complete autonomy for the supreme commander in each particular theatre in regard to all tactical and operational work.

5. A world reconstruction and development council, charged with giving effect to measures that will (a) maximize production of essential commodities and services; and (b) ensure the assignment of materials, commodities, equipment, and technical assistance to those countries whose need is greatest.

6. Subsidiary regional reconstruction and development councils, representative of particular countries, charged with giving effect to measures agreed upon by the world reconstruction and development council.

The first essential step is to call an early meeting of the United Nations. This would underline the existence of the United Nations as a body. At the present moment, the United Nations are welded together not by their common belief so much as by their common actions. They stand together because they fight the same enemies. If, in the same way, the spirit of the battle-field is carried into the struggle against the enemies which will arise after the war—hunger, pestilence, unemployment, insecurity—the United Nations will remain united, and will lay the most important planks in the platform of post-war peace.

## CHAPTER XI

### POST-WAR RECONSTRUCTION

THE fact that problems of post-war reconstruction are, to an ever-increasing extent, passing out of the realm of academic discussion into that of public controversy and governmental action constitutes one of the most hopeful and significant signs that can at present be discerned on the post-war horizons of the world. If the events of the last war and the experience in the years which followed it contain any lessons from which we can usefully profit on this occasion they surely reveal the necessity of reaching some measure of agreement as to immediate post-war objectives whilst the spirit of unity is strong and there is a general acceptance of the principle that individual interests must be subordinated to the common good. The paths to post-war peace must be surveyed in advance of the day of victory. Unless there is a clear vision of the road we intend to travel and unless there is some measure of agreement as to our ultimate destination and the successive stages of our journey, we shall inevitably become lost as we became lost last time in a wilderness of recrimination, distrust, suspicion, prejudice, and hate.

If our post-war responsibilities are faced up to with the same resolution, courage, and will to win as the men and women of the United Nations are displaying to-day towards their military undertaking, it will at least be possible to avoid much of the suffering and chaos that characterized the transition from war to peace and from peace to war during those turbulent years of 1919 to 1939.

With this fact in mind, let us look carefully at the main problems which society as a whole will have to face in the immediate future. They may be divided into three main groups: (1) relief of the suffering peoples of Europe, Asia, and other parts of the world; (2) reconstruction of destroyed areas and of destroyed or damaged economies, demobilization and resettlement of the vast armies of soldiers, the vast forces of sailors and airmen, and the similar demobilization and re-employment of the enormous number of workers

whose jobs and lives have been changed as completely by the war as if they were in the armed forces; and (3) the specific and progressive application of the long-range objectives of the Atlantic Charter and the Four Freedoms to the end that all people will be assured of fuller employment, greater security, and better social conditions than they have ever enjoyed before. In all these fields there is an urgent need for immediate investigation and discussion not only by individual members of the United Nations, but by continuous conference of all the United Nations.

When one examines the first problem, that of affording relief at the earliest opportunity to those who have suffered extreme physical deprivation during the war, it is found that a great deal more has been accomplished than is generally appreciated. As far back as 20th August 1940 Winston Churchill announced the British Government's intention to do its best to encourage the building up of reserves of food all over the world for the relief of the occupied countries once they have been wholly cleared of German forces and have genuinely regained their freedom. After a good deal of preliminary work by the United States, by Great Britain, and by the British dominions, the matter of post-war relief was further discussed at a meeting at which the Governments of Belgium, Czechoslovakia, Greece, Luxemburg, the Netherlands, Norway, Poland, Russia, and Jugoslavia, together with the Fighting French, declared that it was their common aim to arrange for supplies of food, raw materials, and articles of prime necessity to be made available for the post-war needs of the countries set free from Nazi oppression. Following on these resolutions a bureau was established by the British Government, and a committee of Allied representatives formed under the chairmanship of Sir Frederick Leith Ross to discuss post-war relief has been working very vigorously ever since on this question. A further stage in the development of relief plans was announced later by President Roosevelt when he appointed ex-Governor Herbert H. Lehman as chairman of a United Nations council to carry out relief work. Then in November 1943 UNRRA, the United Nations Relief and Rehabilitation Administration, was formally established with Governor Lehman as director-general.

We in New Zealand have a direct interest in the question of

post-war relief because we are one of the chief food-producing countries in the world. There is no doubt that a considerable proportion of the foods used for relief purposes will be drawn from the great resources of the United States, but the British dominions will contribute everything they can and have already made plans for seeing that this contribution is a major one. It is not unlikely that at the end of the war New Zealand will still have the facilities to produce fairly large quantities of meat and cheese and butter and other staple foods. A way must be found of making any such foods available to the people in the occupied countries when the conflict is over. For many years after the war the world will, I believe, if it is wise, be working on a commodity exchange basis and not exclusively on a financial or money exchange basis. I am not an advocate of the theory that you can solve all problems of production, distribution, and exchange without recourse to money. Money has made an amazing contribution towards the progress of the world as a measure of the exchange value of one commodity against another, but in the immediate post-war years international exchanges will not be carried out exclusively, as in the past, in terms of a money economy.

The people who will be in most urgent need of the goods which countries like New Zealand are producing and can continue to produce in such abundance will have nothing with which to pay for them. It is imperative, therefore, that we should endeavour now to find a way by which commodities not at present required to enable us to win the conflict may be so stored and conserved that when the conflict is over they can be made immediately available to those who need them most. Millions in the occupied countries and elsewhere will be starving at the end of this war, and it is essential if we are to find a way of building up a new world that we should begin by seeing that starving humanity is fed.

Relief is in itself not an altogether simple matter. For one thing it is desirable that a large proportion of the foodstuffs shipped to Europe and elsewhere for relief purposes should be milk products, because these are the most nutritive, and can be most easily assimilated by peoples whose stomachs have been weakened by long periods of deprivation. Another main problem of the food situation in Europe will be the breakdown of the transport system, which

will prevent the distribution of available supplies with any degree of evenness or justice. This situation will mean that enormous numbers of freight cars and of army trucks and other motor vehicles will have to be made available by diversion from war activities. These will, of course, be in reasonably large supply, but the difficulties will be great and we ought to think them out now.

Relief work, nevertheless, can at present be regarded as one of the more satisfactory phases of post-war reconstruction. A great deal of preliminary investigation has been undertaken and it should be possible shortly to reach agreement on the procedure of food distribution after the war. It will be possible to start accumulating stocks, or to decide where stocks are to be accumulated, and to build up necessary relief machinery. Considerable organization, in fact, is already under way. It should operate under United Nations control and may well prove a valuable ground on which to extend a United Nations organization and political structure after the war.

That, then, is the first and most immediate problem—to feed the hungry people and help them to get on their feet, or as it is more formally put, to organize post-war relief.

The second group of problems with which the United Nations will have to deal, both individually and collectively, on the termination of the war, comprises those associated with the restoration of destroyed areas, the reconstruction of national economies, and the repatriation and rehabilitation of civilian populations as well as armed forces. These are problems about which individual nations have already done a good deal in the way of preliminary investigation and discussion. Unfortunately, nothing of a comparable nature has been undertaken on an international scale. It is a common thing these days to talk of the immensity of the task that awaits us after the war, but how many people really realize how immense it will be? After the last war the rehabilitation and resettlement of men who had fought during the war took all the early period of the twenties to accomplish. In fact, it had not really been accomplished by the time the slump came along in 1929 and threw it all out of gear. Yet in the last war the numbers of men engaged were smaller than in this war and the extent to which industry was dislocated was relatively much less. In the last war



42,000,000 men were enrolled in the armies of the Allied side, and 22,000,000 men were enrolled in the armies under German leadership or in alliance with Germany. That meant a total of 64,000,000 men away from their homes and their normal occupations, who would require rehabilitation, together with the care of those who were wounded and the provision of assistance for widows and children in the cases of those who had been killed.

Consider the present situation. Even before the United States' enormous military expansion had taken place, there were, according to one estimate, 17,000,000 men under arms on the United Nations side and 13,000,000 on the Axis side. In the case of New Zealand, with only one-thirtieth the population of the United Kingdom, something like 95,000 men have gone overseas to fight. Altogether more than one-half of the dominion's men of military age have left their jobs to serve in the armed forces. Nor does this take account of the thousands of women who have enlisted in the women's volunteer services or of the thousands of other workers, both male and female, who have been transferred from non-essential to essential industries. Multiply New Zealand's difficulties by hundreds, and then think of what these totals mean in terms of dislocation. Think of the number of jobs given up, of businesses destroyed or abandoned, of education and training interrupted; think of the actual amount of shipping alone required to bring the widely scattered armies back to the countries from which they started on the tremendous journeys this global war involves.

And that is only one side of the picture. The other side is the tremendous dislocation which has been caused by the change-over from peace production to war production. One has only to travel through the United Kingdom and see the many new factories arising, or to visit factories known the world over for the production of things of everyday use like motor cars, refrigerators, and sewing machines which are now making aeroplanes, tanks, and artillery, to realize what an enormous change has taken place in these past four years. An equal change will be necessary in the opposite direction. It will not be a question of a man taking up his sword and beating it into a ploughshare in the old way. It will be a question of war machines, consisting of giant plants which have been used in the making of vehicles, weapons, and aeroplanes

of tremendous complexity, being scrapped and changed back to equally complex machinery for making peacetime goods. It is impossible, of course, to give full detailed figures of the quantities of war equipment, food, transport, and other goods being turned out at the present moment by all the belligerent countries, but it is possible to get some idea of them from the figures which President Roosevelt gave for the United States alone in 1942: 48,000 military planes, 56,000 combat vehicles such as tanks and self-propelled artillery, 670,000 machine-guns, 21,000 anti-tank guns, 10,250,000,000 rounds of small-arms ammunition, 180,000,000 rounds of artillery ammunition. If one adds to these figures the tremendous production of Great Britain and of the other United Nations, one begins to realize the immensity of this sword which we have to beat into a ploughshare.

New Zealand is far from being a highly industrialized country—she is primarily a farming country—yet her production increased by fifteen per cent in volume during the first full year of war, and there has been a tremendous advance in industry making various types of munitions. Even in the case of the farming industry, however, the war has compelled major readjustments, with the result that the dominion is certain to be faced with problems of considerable magnitude and complexity as soon as the conditions which these readjustments have been specially intended to meet have ceased to exist. It is obvious, moreover, that the kind of settlement reached at the end of the war will have a very direct bearing on the future economic life and prosperity of every country. The problems of New Zealand will be difficult of solution owing to the large proportion of its production sold in markets overseas and also to the relatively narrow range of staple foodstuffs and raw materials produced. Possible changes in dietary habits resulting from the wartime development and improvement of substitutes, notably margarine and dehydrated foods, the future of ‘imperial preference’ and United States tariff policy, the specific measures adopted in implementing Article VII of the Lend-Lease Agreement—these are only some of the more important considerations which will necessitate post-war economic readjustments no less far-reaching in their implication for agricultural exporting countries like New Zealand than for heavily industrialized countries like the United Kingdom.

As the war ends, all the tremendous productive machinery created during the war will have to be switched over from destructive to constructive purposes. In foodstuffs, of course, this switch will not be required to the same extent, but in industrial products immense changes will be called for. That is why we must prepare machinery now to deal with these problems. But we will need more than machinery when the time arrives. What we must do is to carry into the post-war period the same sense of duty, the same intensity of vigour and action, the same realization of the urgency of our task that have been carried into the war. We must realize that victory over the Axis marks only the end of one effort and the beginning of another. There must be no period in which effort is abandoned and things left to find their own way back to something which people call 'normality,' whatever that may mean.

Unless during the war itself careful plans are drawn up and thorough preparations made for dealing with the problems of reconstruction and rehabilitation, when the war is over we are certain to be faced with greater chaos economically than the world has ever seen or dreamed of in the past. The problem is a twofold one. There is, first, the problem of re-establishing in civil life those who will be demobilized from the armed forces, and, secondly, the more difficult and much broader problem of national rehabilitation, reconstruction, and expansion. They are really but two phases of a single problem because the most elaborate and enlightened schemes for helping, training, and re-establishing individual service men will come to naught unless they proceed on the basis of a sound and expanding national economy.

In New Zealand rehabilitation plans are well advanced. They embrace three closely related principles which are fundamental to any consideration of war policies and reconstruction objectives: (1) that no man who goes away to fight ought to be worse off financially; (2) that no one ought to be better off because he stayed at home; and (3) that no one in the present world situation should at any time expect to profit from the supply of the essential things or services associated with war.

It is easy to set out ideals of that type; it is much more difficult to give effect to them; but every man and every woman whose

responsibility it is to consider the legislative and political programmes of their country will agree that these principles, in so far as they can be applied, ought to be applied. In the case of the soldier who goes away to fight, however, it is almost impossible to ensure that he does not suffer some serious disadvantage by virtue of his military service. A young draftee, for example, may be eighteen when he goes into camp in New Zealand; he will be twenty-one when he goes overseas. He is obliged to interrupt his university studies, his technical or professional training, at that point. And if he is away for four or five years it is just psychologically impossible in seven cases out of ten to pick up those years again. Many who go away, therefore, can never be recompensed in full. But various arrangements have been worked out in New Zealand the purpose of which is to ensure that those who are called upon to serve in the country's armed forces suffer the least possible set-back or maladjustment as a result of their service. These arrangements are of three distinct kinds: first, those which make provision for the immediate necessities of returned service men; secondly, those designed to provide short-term assistance for ex-service men who need only temporary help toward full economic reinstatement in civil life; and, thirdly, those involving long-range plans for post-war rehabilitation on an extensive scale. The basic principle underlying all these arrangements was laid down by the the Prime Minister, the Right Honourable Peter Fraser, when he said: 'The whole outlook of the country and the Government and Parliament is that there is nothing within our means and the bounds of common sense that we can do for these men that we ought not to do. This is as big a charter as one could possibly have.'

In giving effect to this charter, several principles have been followed. When a member of the forces returns from abroad he cannot be discharged from the services until a war pension has been granted or he has found suitable employment or until financial aid has been granted by the Social Security Department to carry him along until he has re-established himself. If he is wounded, he is cared for, and generous pensions are made available for all who are wholly or partially disabled. In the main those of us who have been behind the idea of the generous pension want to bring the wounded soldier back again to feeling that he is not dependent on

the State, because there is something more than just money involved. The Government is responsible for all requirements to meet war disabilities, but it is also responsible for bringing the soldier, if possible, back into the position of earning his own living and establishing his own independence. Soldiers' civil re-establishment training centres have been constructed, therefore, for this purpose.

The soldier may want to try a new field. If he does, the State Placement Service will aid him in his quest. It may happen that he is not trained for the sort of work he wants to undertake. In that case he can enter one of the plants or farms or trade schools which the Government is operating to teach new skills to men whose war service has ended. Provision is made also for training in private employment or in the government workshops where the number of candidates does not warrant the formation of a special class as at the projected trade school. Trainees will receive rates of pay and subsidies on arbitration award standard scales, but will be required to remain for a minimum of three years in the industry for which they have been trained.

The Ministry of Rehabilitation, charged with the task of carrying out national plans to re-establish ex-service men in non-war jobs, is also building occupational centres for disabled men and for blinded soldiers. Registers are being made of maimed men, and of those who have suffered injuries resulting in blindness or defective vision. Special opportunities of re-educating themselves in methods of living, reading, and working are provided.

Extensive educational facilities are available for men (and for women) anxious to continue a university career interrupted by war service or to pursue some special course of study. Free instruction at technical and secondary schools, university bursaries, and grants for books, instruments, and materials are among the facilities offered service men or the children of service men. In addition to having their fees paid and books supplied, those pursuing university courses may receive a liberal allowance sufficient to maintain themselves and their dependants, a similar allowance being made to trade trainees. It is intended that such university scholarships should be granted in respect of special subjects for the purpose of giving men training that will prove of greatest value to the country,

particularly including research into the use of New Zealand products. Men with particular ability can qualify for travelling scholarships abroad. Provision is also made for full-time tuition with pay in medicine and dentistry, subject to government service for three years after qualifying.

The ex-service man also receives much other assistance. If he has to buy tradesman's tools he can get free-of-interest loans to do so. He can get loans of up to £500 to help establish himself in a small business, and so can the widow or mother of a dead soldier. He can get other loans to buy a farm, to stock it up, to purchase a home, and to furnish it. Farm loans run up to £5,000, and in special circumstances to a larger sum.

Land settlement is another important phase of rehabilitation activities. Already a large number of farm properties have been acquired by the Government for subdivision while several public-spirited owners have given their estates to help promote the general scheme. During the last war disastrous mistakes were made in New Zealand by the payment of excessively high prices for land for discharged soldier settlement with the result that the majority of soldier settlers faced the impossible task of having to pay interest on the money loaned them irrespective of the price which farm commodities realized. These mistakes will not be repeated on this occasion. The policy that is being followed in connection with land purchases is to base the purchase price on productive values; to develop the properties acquired for settlement and to settle the returned service men on the land at the production value of his particular holding. This will ensure the competent worker of the land a certain good living standard so long as he works. Prospective soldier settlers will in many cases first be employed as a group to undertake the work of development and, further, all subdivisions should be brought to a uniform state of development before any one subdivision in a block is alienated. It is hoped, too, that a reasonable percentage of men will accept farm employment for a term, thus enabling the Government to spread its purchases over a longer period and make it easier for the men themselves to readjust their position after their war experience.

Profiting by the lessons of rapid demobilization after 1918, preparations have been made well in advance for coping with the

rush home after the present war. Schedules of works have been drawn up that will make immediate employment available for at least one-half the men on projects of a national development character, including land improvement, roading of isolated districts, hydro-electrical power schemes, irrigation, and flood control. All these projects are linked up with the expansion of production of consumable goods and services. There is to be nothing in the nature of unemployment relief jobs. In addition to these arrangements, the Railways Department, which has one-third of its male staff serving with the forces, the Post and Telegraph Department, and other large public employers have submitted detailed plans to absorb a total of ex-service men equal to two army divisions. All necessary arrangements have likewise been made for the resumption on a very much larger scale than in the past of the Government housing construction programme, using prefabrication methods and stimulating the demand for local materials. This will help take up the slack in the construction industry which has been largely switched to war tasks.

There is one other procedure that might be worth emphasizing. It is compulsory for every man to be given his job back again when he returns from the front, if his job is still there. Of course, it may not be there. But to the extent that the actual position that he held is there, even if somebody else is filling it, that somebody else must make way and the job be given back to the soldier. Special regulations are in force under which private employers are obliged to reinstate their pre-war employees in their former occupations or in other jobs, and to employ them under conditions no less favourable than those which would have been applicable in continuous employment, including the benefit of increments of remuneration.

Special arrangements have also been made covering the public service, which in New Zealand embraces, in addition to the ordinary administrative departments, the railways, the post and telegraph and broadcasting services, police, hydro-electric power stations, hospitals, coal-mines, state fire and life insurance offices, a public trust office, hotels and health resorts, and the Central Reserve Bank. Every soldier who enlists from the public service automatically goes back into the service again. He goes back to the

grade that he would have been in by natural promotion and increment had he remained in the service instead of going away to fight. He is automatically promoted whilst he is away to the highest classification in which he would ordinarily have been graded; and, in addition, the Government pays his superannuation contribution whilst he is in the army. The general objective so far as rehabilitation is concerned is to afford each soldier when he is back from the war every facility, help, and encouragement to become quickly and successfully re-established in civilian life so that he may be placed, as far as it is humanly possible to place him, in as good a position as he was in when he left his job to fight.

A Rehabilitation Act, passed in October 1941, besides providing for the appointment of a rehabilitation council to take charge of the activities referred to, also sets out certain procedures the purpose of which will be to facilitate the transition from war to peace production and to prevent any sudden cessation of employment as the result of this industrial change-over. From the National Development Fund already established, schemes for industrial reconstruction will be financed. Provision is made also for contracts associated with war supplies to be cancelled with due compensation to the persons or the firms affected. The Government is also empowered to make loans for the establishment of new industries and may guarantee loans, take up shares in any company, or make contracts to purchase the whole or part of the production of any company associated with reconstruction activities. Power is also vested in the Minister of Labour to require an employer to continue the employment of persons who have been working for him and also to engage a certain proportion of returned soldiers. In such cases, however, the employer would be entitled to receive a grant or subsidy to protect him against financial loss as a result of carrying out these instructions. Financial assistance is to be provided at the discretion of the Government in cases where war-time industries will be faced with heavy expense in converting their plants back to the production of civilian requirements.

These various plans and provisions will indicate the nature of the preparations which have already been made in New Zealand for facing up to the post-war problem. Much yet remains to be done and it is recognized that the steps taken will be largely ineffective,



or at least seriously hampered, if they do not go hand in hand with a considerable measure of international organization and co-operation. It is obvious, for instance, that it will not be possible to ship demobilized troops back to their homes from the countless corners of the globe to which they are scattered without some form of careful planning and pooling of resources. The resources of the world must be used for the tasks of reconstruction in the same way and to the same extent as they are being used at present for waging total war.

In the same way the measures of internal reconstruction upon which each country will be able to embark will depend to a large extent on the amount of capital equipment available. New Zealand's plans, for instance, to build locomotives and railroad rolling stock will be of no use unless she can obtain the steel and the extra machinery necessary for that work.

The third classification of post-war problems deals with those relating to the longer-term economic and social objectives of reconstruction policy in both its domestic and international application. In its accepted definition reconstruction implies more than the rehabilitation of war-devastated areas, more than the reconstruction of war industries, more than the restoration of sovereign rights, and more than the redrawing of boundaries. It means the application in their completeness within each country of the principles implicit in the Atlantic Charter and the Four Freedoms. It means fuller employment, greater security, higher standards of living. These are among the objectives of a social programme which the United Nations are committed to winning along with the war itself.

In so far as it is possible to suggest that good can ever come out of evil, this war has at least demonstrated, in a way which has not escaped the notice of the common people, the amazing productive possibilities of the nations. It is foolish to imagine, therefore, that those countless thousands, many of whom for the first time in their lives have experienced a measure of security because the resources of the nation have been utilized to an extent never before achieved, must go short. It is foolish to argue that goods enough for everybody cannot be produced in time of peace. Unemployed labour, unused skill, undeveloped resources, idle factories and machines

cannot be tolerated when the nation is a nation at war. In war the principles and procedures that ordinarily govern the production and supply of commodities no longer operate. To-day the guns and tanks, the aeroplanes and ships, the equipment we must have to fight the enemy, the food we must have to feed our troops and to maintain the health and vigour of our workers, the clothes and the houses, and the other essential goods and services that are necessary to enable us to defend and maintain our social order are being produced in staggering quantities because we have mobilized all our resources in pursuit of one overriding objective. The decision as to what we shall produce and how much we shall produce is made in accordance with strategic and essential civilian needs. Production to-day does not follow the law of supply and demand, nor is it determined by the profit motive. The only limiting factor is the availability of the physical means of meeting our requirements. Why should not the same considerations apply when we pass from the military effort to the no less challenging and imperative demands of peaceful reconstruction? If a sufficient number of people, above all, if the scientists, technicians, engineers, administrators, and industrial executives who are actually accomplishing to-day things which yesterday were scoffed at as impracticable, if these people would only say it can be done and that they will help, I am satisfied it will be done.

The task that confronts us, therefore, reduced to simple, practical terms, will be the organization of domestic economies on a basis that will normally provide full employment in productive industry for all those willing and able to work. This will involve a responsibility on the part of the individual and a responsibility on the part of the Government. In peace, no less than in war, every individual, whether he is an employer, manager, or worker, will be required to make his contribution towards a larger output. Equally, every government will be required, firstly, to see that those able to work are given an opportunity to earn an income that will make it possible for them and their families to enjoy at least an adequate standard of comfort, and, secondly, to secure for the people as a whole the fullest and most generous measure of social security that can be provided. As a corollary, one might also add that both governments and peoples will jointly share a

further responsibility of accepting international arrangements and commitments guaranteeing to those countries where living standards are unduly depressed the fullest opportunity to develop and progress.

Different policies and different procedures will, of course, be called for to meet the special problems of different countries. The physical destruction, the economic and social havoc which the war has wrought have necessarily affected different countries to a widely varying extent. Prior to the war some countries were a great deal further advanced along the road towards security and full employment than were others. Some by virtue of their rich resources, their advanced industrialization, or their special economic advantages were in a much more favourable position than economically backward countries which have lacked the same facilities and opportunities for development. Policies for the future must be so organized that an accepted minimum is made available to the nationals of all countries.

From the standpoint of the living standards and well-being of a people New Zealand was, perhaps, as fortunate as any country prior to this war. This was due in part to the natural advantages of a fertile soil and beneficent climate. But in part it is due to the fact that those trends of economic control and of integrated social organization which have everywhere emerged as the main lines of social development have been carried through in New Zealand to an astonishing degree. Moreover, these controls and the objectives to which they have been harnessed were not merely the result of haphazard adaptation to the changing needs of the modern social state. New Zealand's long tradition of state activity, the recognition that the community as a whole through its Government must be collectively responsible for the welfare of its individual members, enabled necessary political and economic adjustments to be made in that country smoothly and as the need arose. Thus there has emerged side by side with a deep faith in the value of individual freedom an equally firm belief in the value of collective organization for the purpose of providing security for the individual as well as for the nation. This belief has not been inspired by any political creed or economic theory but has developed simply because common sense, combined with a realistic approach towards most

problems and a strong humanitarian instinct, has satisfied the majority of New Zealanders that such a philosophy offers the best and fullest possibilities in life to themselves and their children.

The result of this philosophy has been to bring about for the mass of the people a standard of living which can only come with a planned and regulated development of a country's resources under a collective and co-operative organization for production and distribution. It has meant, too, that when war came in September 1939 New Zealand was able to respond with a vigorous single-mindedness that ensured its maximum contribution at a reasonably early stage of the conflict.

The ordinary New Zealander has felt that in his own country he has a living 'deal' worth fighting for and defending. He is determined to defend his way of life, not only because it has left him free to speak his own mind, to elect whomsoever he wished to govern him, to live much as he pleased, but because it has also enabled him to provide good food, good clothing, good housing, good education for himself and his family, and to move forward towards a still fuller future freed of some of those terrible fears which hang over so many of the world's peoples.

The record of the New Zealand soldiers, airmen, and sailors who have borne much of the heaviest fighting in this war is convincing evidence of the fact that the social reforms they have enjoyed at home have not been incompatible with the New Zealand tradition of sturdy, individual initiative and enterprise. On the contrary, their environment and training as well as a very profound belief in their institutions and traditions had moulded the New Zealand character: a quality that has carried them undaunted through some of the worst battles of this war.

New Zealand's social progress has been due mainly to the firm conviction of a majority of New Zealanders that one of the first responsibilities of government is so to organize the resources of the nation as to ensure the maximum production of useful goods and services and their availability to everybody according to his reasonable needs. If we are to maintain our present advantages, if we are to extend to others the blessings we have secured for ourselves, the first simple fact to bear in mind is that standards of living are determined by the volume of production, on the one hand, and by

the manner of its distribution, on the other. To raise standards everywhere we must have greater production and we must ensure its more equitable distribution throughout the world, as well as within the boundaries of our own particular countries.

If the declarations of common purposes to which each of the United Nations has adhered mean anything at all, they mean that we are all irrevocably committed, jointly as well as severally, to providing in the immediate post-war period a vastly increased measure of social security for our own people and for others. If no such commitment is intended or implied, then the people who are fighting this war, who are working hard and sacrificing most to win it, may rightly ask whether the real issue of this conflict is one of freedom against slavery or progress against reaction, as they have been told it is, and as they firmly believe it to be. If no concerted effort is made to fulfil the high hopes held out to the underprivileged among the nations and within our own communities—to the peoples of China, of India, of the occupied countries, to all men and women everywhere who tread fearfully in the shadow of insecurity—if no positive forward steps are taken early after victory, then those who have fought and worked and sacrificed to win may rightfully say: 'We have been betrayed.'

This cannot and will not happen if we recognize fully that no nation can afford to rest content so long as numbers of its citizens who are able and willing to work are denied the opportunity of providing for the reasonable comfort and advancement of themselves and their families. We must accept the fact that if any real benefit is to be obtained from the progress of science and invention, it must be shared by every section of the population of every country. And, further, that an individual is able to take advantage of the various forms of material progress only to the extent to which he has the necessary means of making his demands effective. A progressive extension of social services tends to bring these material advantages within the reach of all. We shall more likely succeed in building a better world after this war if the peace is approached in an aggressive and adventurous spirit, with imagination and with practical objectives that have meaning and purpose and promise for the common people throughout the world. Let us not make the mistake of setting our aims too high. Let us see them modestly

for a start and travel towards them resolutely with no turning back.

One aim can be stated now in terms which everybody will understand, to which at least partial effect can be given with very little delay and which will reassure those who are bearing the brunt of the conflict, as words alone will never completely reassure them, that the sacrifices they are being called upon to make will not be made in vain. One such aim is the provision for the people of each United Nation of the fullest and most generous measure of social security that can be devised.

Our responsibilities, however, will not be discharged with the placing on our respective statute books of even the most far-sighted social security legislation. The freedom for which this war is being fought can only be won and maintained if we are one and all prepared to fight and to build so that others may enjoy the same freedom that we ourselves demand. There cannot be a selective freedom for little countries like New Zealand or for large countries like the United States. The absence of freedom in any part of the world must be a standing menace to those others who enjoy its blessings: and no nation which is cursed by poverty, whose people are denied the means of lifting their physical, mental, and cultural standards to progressively higher levels, no such nation, whatever its political status may be, can be regarded in any effective sense of the term as a free nation.

Irrespective of political and economic theories, it is a fact that this freedom will be attained only by careful thought and planning —‘planning’ in the social sense, which may be defined as the organization of human life under optimum conditions of health and happiness. The problems of such planning in one form or another are not new. In their present form they are at least as old as the Industrial Revolution. But the war has thrown them into sharp relief. It has given new urgency to their study.

Of the many problems which for want of a more adequate description are broadly encompassed by the term ‘social planning’ the provision of full employment and social security is that in which the vast majority of men and women have the most vital stake. There is one very practical issue, however, closely linked to these two major objectives, which justifies the highest possible

priority on the reconstruction agenda of every country—the provision of housing for the people. It is an issue which goes to the very roots of national life, and it is difficult to conceive of any single project that will yield richer rewards in terms of social welfare and national well-being.

I am a socialist in the sense that I believe that a major responsibility of government is to provide collectively for the economic welfare and security of the individual. But I am conservative in the sense that I look upon the family as the foundation of the nation. I believe that no nation or race can prosper or progress whose people lack the conditions necessary for a 'home' and 'home life' in the best and fullest meaning of those words. In planning for the future, therefore, the problem of housing must be closely related to the problem of industry, on the one hand, and to the requirements of home life, on the other. It is by the toil of their hands that men live, and by the strength of the family that the race will continue. In other words, the problems of the individual must be closely integrated with those of the community in which he lives and works, and the problems of the community with those of the larger region. In the same way, the problems of the region must be related to those of the country as a whole and these, in turn, must be considered against the background of the world problem. Thus, post-war planning must be on a national scale if it is to serve the ends we have in view.

Recognizing this fact, plans have been made in New Zealand for an expansion of housing construction as an integral part of the post-war reconstruction programme. Already remarkable results have been achieved under the scheme inaugurated in 1937 for the construction on a large scale of State rental houses. The Government which came into power in New Zealand at the end of 1935 felt it had a duty to carry good shelter as well as good food, good clothing, good education, good health and working conditions to the people, not to some of the people only, but to all the people all the time. One of its earliest activities, therefore, was to carry out a thorough housing survey covering particularly the major centres of population. Simultaneously, a careful investigation was undertaken of the various housing schemes and housing legislation in other parts of the world. The outcome of these deliberations was

the mobilization of all available resources, private as well as Government, under a scheme that called for the construction in more than 150 cities and townships of thousands of modern individual homes built in accordance with the highest standards of construction.

By 1941, when shortages of labour and materials compelled the virtual suspension of activities, about 15,000 individual homes had been constructed at a cost of upwards of £22,000,000. These figures must, of course, be considered in relation to New Zealand's population. In the whole of New Zealand there are fewer than 1,700,000 people. This, however, does not mean that New Zealand's housing problems and her town-planning problems are any less acute or any less difficult, relatively speaking, than those which confront many of the big cities in other countries. The homes that have been built are available for all classes of the community without discrimination. No income bar and no means test is employed in the selection of tenants. If three-, four-, five-, or six-room houses are required, those needing them qualify (but there are mansions for none until houses are available for all). The fact that the demand for these State houses continues far to exceed their supply, and the fact that the neatest and tidiest portions of the New Zealand towns are those occupied by these State tenants, speak volumes for the success already achieved. Probably no single activity in which the New Zealand Government has engaged during the past eight years of office has brought more joy and brightness into the lives of thousands of its citizens. I look towards a tremendous extension of this activity, not only in my own country, but in every country that has pledged its efforts and resources when the war has been won to the task of making the world a better place for ordinary men and women to live in.

New Zealand's difficulties from a housing point of view differ in many respects from those with which countries like the United States and England are confronted. Yet we share many basic problems in common. For example, there is the difficulty of determining the proper limits of State or Government responsibilities as opposed to those which can best be shouldered by private enterprise. But such is the magnitude of the task which awaits us that it will almost certainly offer ample scope for private enterprise to make the maximum contribution of which it is capable; to an



ever-increasing extent, nevertheless, we are being compelled to accept the need for a more direct and positive role on the part of the Government in matters which so vitally concern the welfare of the community. No nation can afford in the future to pay the tremendous price which all have paid in the past by leaving such matters in the hands of those who acknowledge no social responsibility. No nation can afford to leave the way clear in the future for the predatory activities of the speculator with the repetition of the muddle and the waste that must always result from unplanned development.

There is the problem, too, of considering housing in its proper relationship with other phases of general regional planning. Industry and housing, for example, must be considered for planning purposes as two parts of a single problem. A building project no longer involves merely the construction of a number of dwellings. The larger the scale of operations, the more it becomes necessary to pass from purely constructional fields into fields which embrace almost every phase of communal activity. Planning for housing, on any national scale, means, in effect, planning for the future of the nation.

There is the problem also of taking full cognizance of the human factor. The predominant characteristics of the American and British people, characteristics shared with all other forward-looking nations, are a love of freedom and a deep-rooted objection to interference with personal rights. We insist on the right to live as we choose to live. That does not invalidate either the principle or the practice of collective planning, but it does mean that any plan which proceeds without reference to this human factor is foredoomed to failure. The 'importance of diversity and the wisdom of providing for alternatives' must always be borne in mind. It would be a mistake, I repeat, to set our aims too high, but it would be infinitely more disastrous to allow the difficulties of our problems to blind us to our responsibilities. Far better that we should tackle with vigour and determination those few particular problems that we know we can solve if the dictates of common sense and social consciousness are allowed to prevail—better to do this than to face up half-heartedly and ineffectually to a whole range of complicated issues with which we are ill prepared to deal.

True, we may run grave risks by leaving unsolved issues that are pressing for solution. On the other hand, if by taking hold of the pressing problems, by devoting to those problems our united skill, wisdom, and resources, we can really accomplish results that are worth while, then it will be possible to proceed with the more ambitious tasks of national and international reconstruction on a much sounder and more solid foundation. When one considers the dazzling spectacle of the kind of world we have the opportunity to build it is difficult to hesitate any longer as to the urgent need of clearing the paths to post-war peace as rapidly as possible. It will require hard work and organization and we cannot start too soon.

But if a start is made and the foundation properly laid, not on the basis of going back to the pre-war *status quo* but on the basis of taking things as they are, and finding out what is best for New Zealand, what is best for the United Kingdom, and for each country in turn, and what is best for the world, then, in spite of all the difficulties, and they are going to be very great, we shall, nevertheless, win through. The years required for the winning of the peace will be even harder than the years of the war. There may not be so much physical suffering, but there will be constant headaches for organizers, administrators, and executives. Statesmen who we thought were men of vision will quietly disappear from the public scene because they could not see far enough ahead, and statesmen of whom we have thought little, if at all, will be stepping in and helping to do the job. But we ought to be willing, if we are going to look ahead toward that bigger and better world, to suffer a headache or two now so that later on we shall not have to suffer heartaches because we failed to do the job in the way it ought to have been done.

The attainment of our goals will be infinitely delayed unless we work towards them with clear minds. We must know exactly what we intend to do and how we intend to go about it, not only inside each country but also internationally, because the peace that we are aiming to build and the freedom that we are striving to secure are not a peace or a freedom for any one country or any one people, but a peace in which all will participate and a freedom in which everybody will have an equal share.

## CHAPTER XII

### TOWARDS A NEW PACIFIC

PRIOR to the outbreak of the second world war most people were vaguely conscious of the fact that during the last ten years or more there had been unleashed in the Far East forces which were bound to have the most profound repercussions throughout the Pacific, and, indeed, throughout the entire world. Yet if it had been suggested to the average person in 1931 that an incident at Mukden was the opening stage of a second world war, a war in which British, American, Chinese, Russian, and, in fact, the people of every free nation, would be fighting desperately for their very existence, such a suggestion would have been facetiously or scornfully dismissed. If, back in 1937, a New Zealander had been told that New Zealand's destiny was being fought out on the battle-fields of China the odds are that he would not have been in the least impressed. If, at any time up to 7th December 1941, one had ventured the opinion that the United States was in imminent danger of an attack against its most strongly fortified and heavily defended outpost, one's opinion, in all probability, would have been received with derision. Or if, early in 1942, any one had suggested that Hong Kong and Singapore, Burma, and the whole of the Netherlands Indies were in imminent and deadly peril, the chances are that such a person would have been criticized as an alarmist and his warning as mere defeatism.

There were indeed a few bold spirits who did make such suggestions, who did express such opinions, and who did utter such warnings. But we did not heed them in time. We did not make due allowance for the strength and the cleverness of our enemies. We did not appreciate sufficiently the calibre of our adversary. We did not properly understand the essential character of Japanese imperialism, its inherent causes, its insatiable ambition. We thought, perhaps, that aggression could be stalled by appeasement. And so when war flared up in the Pacific we were not by any means prepared for the immense responsibilities suddenly thrust upon us. We were one and all preoccupied with commitments elsewhere,

in Europe, in the Middle East, in the Atlantic and the Mediterranean. 'We' does not refer to Britain or to New Zealand, or to any one country, but rather to the people whose attitudes and policies with respect to the Far East were typical in a general way of the peoples and governments of all the countries now known as the United Nations. We know now that mistakes, tragic mistakes, were made, and that there are none of us who can avoid some measure of responsibility. It may be worth while, however, recalling for a moment or two the foreign policy which New Zealand pursued (in so far as the term 'foreign policy' can be applied to the external affairs of a small nation) during the years since 1936 when Japan was steadily preparing the vast Pacific offensive which she has since been able to launch with such success. If, in the days before Munich, the attitude of the New Zealand Government on specific issues differed from that of other governments, it was simply because New Zealand firmly believed that for small and relatively defenceless nations collective security through the full and effective application of the League Covenant offered the best and only guarantee against aggression. If New Zealand opposed the policy of appeasement as it was pursued at the expense of Abyssinia, of Austria, of Albania, of Spain, of Czechoslovakia, of China—this was not done exclusively out of sympathy for the victims, though sympathy and moral indignation were by no means lacking, but because of a deep conviction that, in a shrinking world, the march of Fascism, unless quickly checked, threatened to overwhelm the freedoms and the way of life to which New Zealanders are jealously attached. Mistakes were, no doubt, made; but it is true, nevertheless, that as early as 1936 New Zealand imposed an embargo on the export of scrap iron to Japan, that at Geneva and elsewhere she gave her strong and unequivocal support to China's successive appeals for enforcement of the Covenant, that as late as May 1939 New Zealand formed one-half of a minority of two which favoured the principle of collective aid to China in her resistance to Japan, and that still later in 1940 she protested vigorously against the closing of the Burma Road.

As early as April 1939 New Zealand was instrumental in arranging a Pacific defence conference at which important decisions were made for the strengthening of British defences in the Pacific area

in anticipation of early trouble with Japan, and that from the moment war broke out in Europe New Zealand's whole defence policy proceeded on the assumption that Japan would inevitably come in.

These facts are mentioned not in any spirit of commendation of New Zealand's past actions and policies, since her voice has, after all, been a very small voice in the councils of the nations, but for the purpose of suggesting that small nations, equally with big nations, may often have something to say that is worth listening to, worth paying attention to, even, perhaps, worth acting on. These small voices—and there are many besides that of New Zealand—may well express useful ideas and progressive trends of thoughts that will prove valuable in the task of reconstruction which lies ahead. The magnitude of the task will be such as to tax the capacity and the ingenuity of the wisest leaders. Neither Britain nor America, nor any other great power, can claim a monopoly of wisdom and inspired leadership. China and India, the Philippines and the Netherlands, New Zealand and Australia will each have a significant contribution to make, and their contributions will be very much needed when the times comes for facing the problems of a 'New Pacific.'

There was for a time a tendency to look on the Pacific in this war as of rather secondary importance; but it was quickly learnt that this was a dangerous attitude because, even if the war cannot be won in the Pacific, failure to halt the onrush of Japanese aggression would seriously weaken the capacity of the United Nations to wage a successful offensive in other vital theatres and would inevitably mean prolonging the conflict indefinitely. During the past months, therefore, the Pacific front has come to assume a more correct perspective from the point of United Nations strategy. Truly amazing progress was made in building up the reserves of man power, naval, and air forces in Australia, New Zealand, New Guinea, the Solomons, New Caledonia, Fiji, and the other island outposts in 1943 for the offensive which is now in progress. The record of successful action, beginning with the battle of the Coral Sea, is evidence of the determination with which the war against Japan is being prosecuted. But though there is cause for satisfaction with our achievements, there is no cause whatever for

complacency. The situation is still most critical. There is a long road ahead before we can say that the corner has definitely been turned.

While attention must continue to be focused on the Pacific theatre, it would be wrong to assume that we can risk any slackening of our efforts on other fronts. However vital the Pacific may be from the point of view of global strategy, the fact remains, and will always remain, that the prime object of this war must be to strike at the heart of the Axis powers, and that heart is undoubtedly located in Berlin. Hitler, without the Japanese, might still manage to pull his chestnuts out of the fire if we failed to act with sufficient vigour wherever he can be done most harm. But it is extremely doubtful whether the Japanese without Hitler could ever achieve any permanent success, although they could most certainly do irreparable harm, and add enormously to the price which the United Nations would ultimately have to pay for total victory.

It is well to remember, then, that the Pacific area has played a bigger role in the last fourteen years than is often realized. It was in Manchuria, in 1931, that the present war really started. It was in China that the first mass resistance to the Axis powers got under way. It was at Pearl Harbour and not on the continent of Europe that the first blow was struck against American forces. It is in the Solomons and in New Guinea that some of the fiercest fighting of this war has taken place—even though difficulties of supply and communication imposed severe limitations on its scope and extent. It is in the Pacific, moreover, that forces are now at work, particularly in China and in India, which are calculated to bring about political and economic changes of immense significance in the post-war world. In so far as one can make any kind of predictions it seems safe to prophesy that both China and India are destined to emerge from this conflict, assuming a United Nations victory, as new world powers with much political unity and of imposing economic strength.

When one takes into consideration also the speed with which Canada and Australia are becoming powerful industrial nations, the impact which the war has had on New Zealand's economy, the new economic and strategic relationships which the United States is

rapidly acquiring with other countries of the Pacific area, the accelerated national aims and aspirations of the people of south-east Asia, the inevitable far-reaching changes in status and economic control over rich colonial territories, the post-war significance of aviation development and expansion—when all these considerations are reckoned with, it is evident that in the Pacific, more perhaps than anywhere else, this war is going to bring great transformations. It is going to bring also a lot of problems for the governments and peoples of the United Nations, whose responsibility it will be to guide and control the conflicting forces that have been unleashed. It will be their responsibility to see that the new Pacific is patterned according to the promises that have been given and the principles for which the war is being fought.

Let us look at the Pacific in the light of the Atlantic Charter, which applies as much to the peoples and the countries of the Pacific as to the rest of the world, although it has been suggested that there should be a special and separate charter for the Pacific area. It is difficult to imagine that people could disagree as to the meaning of that one word 'Atlantic,' but disagreement exists. It turns on the question: Is this charter called an 'Atlantic Charter' because it is to apply primarily to the nations situated on continents whose shores are washed by the Atlantic Ocean, or does it mean simply that it is a charter affecting the whole course of the war and of the post-war world which was signed in the Atlantic? There can be no real doubt about this issue. The term 'Atlantic' merely signified the place where the charter was drawn up and signed and whence it was issued. This interpretation is supported by the statement made by Mr. Sumner Welles on 31st March 1942 at Arlington, when he said: 'The principles of the Atlantic Charter must be guaranteed to the world as a whole—in all oceans and all continents.' Indeed, one proof that limitations with regard to the Atlantic Charter cannot be sustained is that the word 'all' appears ten times in the charter itself. That should in general dispose of the demand for a Pacific Charter. We have one already—in the Atlantic, or, if it is preferred, in the Seven Seas and Five Continents Charter.

Let us, therefore, with our minds made up that the Atlantic Charter does apply universally, turn once more to the Pacific. For

if it is agreed that the charter has this universal application it is possible to go straight towards the problem of the post-war Pacific with, as it were, a compass in our hands to guide us through its difficulties. It is then possible to take this vast area, section by section, and see just how the principles of the charter should be applied in each. This, to my mind, is what facing the new Pacific means to-day.

Obviously, the principles of the charter which matter most in the Pacific area are: (No. 2) no territorial change without the people's consent; (3) a people's right to choose their own government; (4) the right of all states to trade and raw materials; and (5) the right of all people to social security; in other words, those principles aiming at providing people with independence, freedom, and self-development. It is in terms of these principles that the future must be discussed—the future of our great ally China, of the Philippines, of the brave peoples of the Dutch East Indies, and even of the people of Japan, once Japanese militarism has been exterminated and she has given guarantees of her future peaceful intentions.

It would not, however, be either practicable or wise to lay down now in any specific form the boundaries or the forms of government that are to operate throughout our new Pacific. That is a thing which must wait for the day of victory. But we can agree now on the lines along which those decisions are to be made. And one of the first things which we must in all honesty admit, or we shall get nowhere with any reasonable solution of the problem, is that there cannot be any rigid uniformity in either forms of political and economic structure or methods of government and administration; nor, in fact, should there be the least attempt to secure anything even approximating uniformity. That does not mean there should not be the same goal for every one. We must all strive—and we must assist every nation in the Pacific to strive—towards the goal laid down in the Atlantic Charter; but it is obvious that some countries are far more advanced than others, and that some will require a much greater degree of assistance in money, technical advice, and education than others. But there should be no exploitation of the people themselves or exploitation which greatly diminishes their resources.



Just look for one moment at the main countries with which those who plan this new Pacific will have to deal.

There are, first of all, the eastern provinces of the U.S.S.R., with a population (in 1939) of 16,500,000 people living under a communist form of government and controlled ultimately from remote Moscow, a control which completely covers all exports and imports—a controlled trade area.

Then Manchuria, with a population (in 1939), including the area known as the Kwantung Leased Territory, of 40,725,000, all overwhelmingly Chinese—growing immense quantities of grain, soya beans, millet, maize, cotton, hemp, and tobacco—under the alien control of Japan since 1932 as a puppet state under the Japanese-given title of 'Manchukuo.'

There is Japan itself, claiming a population of 105,000,000 in different parts of the world—of whom 73,000,000 are in Japan proper—inhabiting the string of rich, volcanic islands where a modern, highly developed, though lop-sided, industrial economy has been superimposed upon a medieval, feudal social structure; a police state where the mass of the people are without political or judicial rights, and where power is concentrated in the hands of a military-financial ruling class endeavouring to stave off a radical solution of their own social maladjustments by a policy of permanent aggression. This after the war will be a new Japan, damaged and wounded by our victory.

There are territories at present under Japan whose fate would immediately have to be determined by any peace conference. In the first place, there is Korea, seized by the Japanese in 1910, with a population of some 22,000,000, a fertile soil, and many minerals. A long peninsula thrust out from China towards Japan, it has been called a dagger pointed at Japan's heart.

There is also Formosa, with a population of 5,500,000—a great island off the Chinese coast ceded by China to Japan in 1895, when China was still weak and divided and Japan already aggressive and expanding. Formosa has immense rice fields, and is the principal source of the world's hemp supplies.

There is the immense country of China, with a total area of approximately 4,300,000 square miles, and a phenomenal total population of 450,000,000 people, including outer Mongolia and

Tibet. China, which has been at war with Japan since 7th July 1937, has written in the past five years its own claim to national independence and to a leading role in the new Pacific.

There is French Indo-China, comprising Cochin China and the four protectorates, Cambodia, Annam, Tonkin, and Laos, with a population of 23,000,000, with great natural wealth and a strategic position the value of which has been clearly realized by both ourselves and the Japanese through the bitter events of this war. It is, in effect, a French colony with a French-imposed city civilization, though the population is fundamentally Chinese.

From Indo-China we pass to the great areas of British Malaya, now under Japanese control, with a population of some 5,000,000. Here is found a variety of political organizations ranging from semi-independent states, like Johore, ruled previously by native rulers with British advice, to British colonies like the Straits Settlement. Of the natural wealth of this area, particularly rubber, oil, and tin, little need be said.

Then there is the so-called independent country of Thailand, at war, since 27th December 1941, with Britain and the U.S.A. Thailand has a population of some 15,000,000, closely allied to the Chinese in character, and, again, is a country of immense resource.

There are the Philippines, with a native-born population in 1940 of close on 16,000,000. They had, of course, until the Japanese invasion, commonwealth status with full local autonomy granted by the United States to the Philippines Government—a sort of dominion status inside American influence.

Further to the south comes that great ring of islands, the Netherlands East Indies, a total area of 730,000 square miles with a population estimated at 53,000,000 people, of whom more than ninety-seven per cent are native born. These islands, though essentially colonies of the Dutch Government, have been steadily developing towards self-government and were in the process of acquiring a further substantial measure of autonomy at the time of the Japanese attack. The people in the Indies, natives as well as Dutch, as Foreign Minister Van Kleffens has pointed out, 'succeeded remarkably well in looking after their own public affairs after the German invasions of the Netherlands had cut them off from the mother country.' In 1941 Queen Wilhelmina herself announced that

further constitutional reforms would be brought about as soon as possible.

Still further south there are, of course, Australia, with its population of 7,000,000, New Zealand, with its population of 1,640,000, and the multitudinous islands of the Pacific, ranging from New Guinea, with a population of 500,000, Papua (280,000); Hawaii (close on 500,000); Fiji (200,000); the Marshall and Caroline Islands, now Japanese territories (120,000); down to tiny islands with populations amounting to only a few hundred. One has only to glance at the different types of political organizations at present ruling in these islands to realize the complexity of the problem. Considering what might be called the western Pacific alone, they range from mandated territories to protectorates, to territories constitutionally part of the U.S.A., to colonial dependencies, to areas under Free French jurisdiction, to the condominium of the New Hebrides.

On the eastern side of the Pacific we have Alaska, Canada, U.S.A., Mexico, Guatemala, El Salvador, Nicaragua, Costa Rica, Panama, Colombia, Ecuador, Peru, Chile—all with interests, economic or strategic, in the future of this vast area.

The problem, however, simplifies itself considerably if we look closely not at the numbers and divergencies which separate these countries but at the common goal towards which we want them all to march. Without committing ourselves at this stage to any detailed scheme of post-war reconstruction in the Pacific, I suggest that the ideals implicit in the Atlantic Charter, the freedom and the security for which we are striving, will be realized, and will only be realized, when we are ready to determine future policies towards the people and territories of this area in accordance with the following definite objectives:

1. The re-establishment and general observance in the future of the rule of law. This will mean: (a) that territory, property, and concessions acquired by force must be given up, that troops must be withdrawn from areas where they are illegally operating, that puppet governments must be abolished; (b) that every government must guarantee the observance of constitutional rights to its citizens, that there must be an end to Gestapo rule and to arbitrary arrest and intimidation. A bill of rights must be guaranteed to

every one; (c) that certain restraints on its absolute sovereignty must be accepted by every nation-state, particularly restraints on the right of so-called sovereign states to judge their own controversies and to arm without limit.

2. Acceptance of the principle of equality as between one nation and another and between one person and another irrespective of colour, race, or creed. This means: (a) the termination as rapidly as possible of such privileges as extraterritorial jurisdictions, concessions, leaseholds, protectorates, and all legacies of the old 'imperialist' or 'exploitation' idea which can have no place in a new world of free nations and free men; (b) the gradual abolition of unreasonable discrimination against the migrants, and in commerce and treaty relations of certain Far Eastern countries in so far as such discriminations are inconsistent with general principles of equity and reciprocity.

3. Recognition of the need for a change in the status and principles governing the control of colonial and semi-colonial territories. This means: (a) equality of opportunity and equal access to the raw-material resources of these areas; (b) the creation of new machinery and methods for their administration in a spirit of trusteeship with a view to the well-being, education, and development of the native inhabitants and their training in every possible way for the responsibilities of self-government.

4. Recognition of the fact that there are certain fundamental rights which must be guaranteed to every individual. This means: (a) that every person of every country is entitled to the freedom that comes from such inalienable rights as the right to say and think and express himself as he pleases, subject, only, to those legal limitations that operate within a constitutional democracy, the right to worship as he pleases, the right to combine in trade unions or other associations; (b) that these fundamental individual rights must be guaranteed regardless of the particular form of government that may operate and that in the interests of world peace such guarantees must be an international collective responsibility.

5. The adoption by every nation of an economic policy which will serve both nationally and internationally to lift the living standards of those whose standards are unduly depressed, with the object of achieving the maximum measure of economic equality and

social justice between person and person and between nation and nation. This means: (a) that there can be no return to the philosophy of rugged individualism but that economic effort in the future must be consciously guided to serve the highest ends of human welfare; (b) that those nations more advanced in a material sense must be prepared to contribute generously in aiding the industrial development of the more 'backward' nations, irrespective of the prospects of any immediate financial reward.

6. The establishment of some form of international authority with subsidiary regional authorities with the power and the means at their disposal to facilitate the progressive realization of these objectives and to enforce collective guarantees. This means: (a) that the aggressor nations must be completely and immediately disarmed once they have been defeated; (b) that effective machinery, based, at least initially, on the United Nations concept, should be created as soon as possible after the peace for the purposes of international arbitration and the application of collective economic sanctions backed by an international police force with a view to restraining and, if necessary, forcibly resisting any future threat to the world's peace; (c) that there should also be established without delay similar United Nations machinery, in the form of a reconstruction and development council with subsidiary regional machinery, charged with the responsibility of giving effect to measures for maximizing the production of essential commodities and services and the assignment of materials, equipment, and technical assistance to those countries whose need is greatest; (d) that many of the principles and procedures accepted by the United Nations as essential for a total war effort, including particularly lend-lease and the pooling and allocation of combined production and resources, should be carried on into the peace; (e) that whatever international or regional authorities are created, they should be responsible for enforcing the guarantees essential for a stable and expanding world society—namely, strict observance of : I. The rule of law. II. The principle of equal right to develop and progress. III. The trusteeship control of 'dependent' areas. IV. The fundamental rights of individuals. V. The shaping of economic policies to offer greater social security and a better life for all people.

These are only very broad objectives. The time is not yet ripe to make them much more specific, although as events move more rapidly opportunities for constructive action are continuously opened up. While it is no use saying in detail at this stage that we shall do this or we shall do that, a start can at least be made by thinking and planning and preparing now for some of the problems which have already emerged, and which we know will be there to challenge us immediately the war has finished. Consider, for example, what will be the position in three main areas of the Pacific assuming an Allied victory.

In China, there will be an immense task of reconstruction which will more than tax the resources of the Chinese people themselves, devastated as their country will be after long years of continuous and bitter fighting. It will be a task towards the fulfilment of which every United Nation must be ready to make the fullest contribution. The fact, however, that China to-day is a new China with a political unity, a national spirit, committed to a reformed and modernized economic structure, based on a policy of social betterment to be pursued by democratic methods — this fact in itself will greatly facilitate the work of reconstruction. Moreover, we all have a vital interest in aiding and in encouraging China along the paths of peaceful development for the simple reason that a strong, united, progressive, and democratic Chinese republic will be essential to the future peace and stability of the Pacific area.

It is encouraging to be able to point to China as one country in respect of which the declarations of the Atlantic Charter have been acted upon following the decision of the United States and the United Kingdom Governments in jointly announcing on 9th October 1942 their readiness to give up extraterritorial rights and privileges, relics of an outworn imperialism which have been enjoyed by these two governments for nearly one hundred years. The continued existence of these privileges at the expense of a country which has such a magnificent record of resistance to Axis aggression was an anomaly which, if words meant anything at all, had to be rectified at the first practicable moment.

The attitude and views of China are of the greatest importance, not only in relation to the conduct of the war, but even more so when it comes to a post-war settlement for the Far East. China's

aspirations will command ready sympathy, but it is well to realize that they may also raise considerations which will not admit of any simple, straightforward adjustment. There can be little doubt that China's role in the affairs of east Asia is destined to be influential and responsible by virtue of her own strength and potentialities and of the close relations she has long maintained with all neighbouring countries and the large number of her nationals resident throughout the Far East.

Perhaps the biggest single problem of the Pacific area that will confront the United Nations will be that of deciding what is to be done about Japan once she is defeated and her military power destroyed. It may be taken as axiomatic, of course, that Japan must be completely disarmed, that the power and the influence of her militaristic rulers must be broken permanently, that the possibility of further aggression must be effectively prevented, and that she should make due recompense, in so far as this is economically feasible, for the great harm she has done to China and the other areas which have suffered from her ruthless occupation. But the questions still remain: 'What role is Japan to play in the new Pacific? What further conditions should be required of her?'

There is an excellent reply to these questions in an article entitled 'How will the War end for Japan?' by M. Searle Bates, who, it seems to me, goes right to the crux of the problem. Writing in the *Far Eastern Survey* of 13th July 1942, Mr. Bates said:

It can reasonably be assumed that disarmament, coupled with economic factors, will promptly cut down the enormous personnel, vast patronage, and commanding political and financial influence which the militarists have gradually built up. Moreover, they will have lost special domains in Manchuria and Formosa where they have ruled longer and more completely than in Tokyo. If the disarmament of Japan is accompanied by due minimum of international policing at key points of the approaches to Japan, forces of occupation and interference with her internal affairs should be unnecessary during the formative years of new relationships.

But if Japan is not to be coerced in her internal organization, how is control to pass from the present rulers to a better group? That must be primarily a Japanese procedure; and perhaps they may manage it better than we think. But the United Nations might well assist by challenging the Japanese people to claim economic opportunity and a prospective share in regional and world organization—provided such claims are validated by their inaugurating a constitution and a Government programme

which would be convincing evidence that military rulers no longer controlled the State, nor could easily regain control; that economic effort would be directed toward broadening internal welfare in a developed home market; that policies of education and information would be compatible with international peace. The desideratum is a Japan no longer a menace to her neighbours and to world peace, devoting to the welfare of her people the skills and resources recently consumed in aggressive pursuit of power; contributing to international order and to the world's economic and cultural life.

In endorsing these views, I am not for a moment suggesting that Japan should be relieved of the obligation which she must be compelled to meet of making just retribution for the crimes she has committed, for the cruelty she has inflicted on innocent people. The guilty men of Japan with the guilty men of Europe cannot and should not escape the just wrath which will descend upon them. But we can be firm and just without being vindictive. Wanton destruction, excessive privation, economic strangulation, these should have no place in our post-war relations with an enemy defeated and disarmed. The peace we make must be a righteous one. The soldier, I believe, will not fail to share this view since there is no vindictiveness in the average man who goes to fight for his country. It is asking a tremendous lot, nevertheless, of those who have borne the heaviest burden of suffering and sorrow, who have lost husbands and sons, whose families and friends have been subject to inhuman cruelties, who have seen their homes and their churches desecrated, their businesses looted, their countries ravished—it is imposing a heavy strain on human nature to say to these people that our relations towards the vanquished must be guided by patience, understanding, and, above all else, by tolerance. And yet any peace founded on hate and a spirit of revenge is doomed to fail; nothing is more certain than that. No permanent and stable international order can be built on such a basis. We must avoid past mistakes. We must realize that the problem of redefining our relationship to the new Japan, of permitting her to assume her rightful place in the new Pacific, will present difficulties enough without our adding to them needlessly.

When one turns from China and Japan to consider the third main area of Far Eastern conflict, that huge conglomeration of continental territories, island masses, and scattered atolls, from



Indo-China to Singapore, from the Philippines to the Indies, from Timor to the Solomons, it is then that the problems of the new Pacific are revealed in all their complexity.

What of French interests in Indo-China? What of Thailand's future? Are the Netherlands Indies ready to assume a fuller measure of autonomy? What changes will be necessary in the mandate system with reference particularly to the Japanese, Australian, and New Zealand mandated territory in this area? How are we to avoid the dangerous instability that might so easily arise if the effect of our reconstruction policy in this area was merely to create a kind of Balkanized East Asia? To what extent should independence be combined with federation? What specific guarantees will be needed to ensure equal access to the rich resources of territories that hitherto have been the exclusive preserves of colonial powers? How are the interests of more 'backward' peoples to be safeguarded and their development co-operatively aided?

Sooner or later—and it is to be hoped sooner rather than later—we shall be compelled to find answers to these questions and many others. All it is intended to say, for the moment, is that policy and procedures must be determined in accordance with the specific objectives already indicated. That policy in its political relationships could be summed up as full independent self-government wherever possible, and, where such independence is not yet possible, trusteeship administered in a manner that will enable the native inhabitants to take over the government of their own areas at the earliest opportunity. That opportunity may not come for some time, but it must be the end to which all efforts are directed.

As to possible ways in which this responsibility can best be carried out, a scheme of international, or rather United Nations, trusteeship incorporating the principles of the old League mandate system but with more effective administrative machinery would seem to offer the most immediate practicable solution. The mandate system, it is true, has been a sorry failure in certain cases although it has worked most successfully in others. These differences are largely accounted for by the spirit in which respective mandatory powers have discharged their responsibilities. Some have discharged them faithfully and in a genuine desire to promote the

welfare of the native peoples of the mandated areas. Others, notably the Japanese, have abused the trusteeship granted to them for their own aggressive ends. The weakness of the mandate system lay in the weakness of the League itself to exercise real and effective authority over the mandatory powers with respect to their conduct and their policies towards their trusts. The chief essentials in any scheme that is devised for the future administration of Pacific dependent territories, therefore, will be to ensure that effective guarantees are given and enforced for the observance of (1) the trusteeship principle towards native peoples; and (2) a stewardship principle towards the rest of the world.

It has been failure to enforce this latter principle that has caused much of the trouble in the past, and whether a more satisfactory arrangement can be arrived at in the future will depend largely on the willingness of the United Nations to assume collectively, either through a world council with adequate powers, or through some regional form of organization, responsibility for the security, good government, and international supervision of those countries or dependencies that have not yet reached the stage of self-determination. There will always be a group which, hiding its selfishness under a cloak of realism, will decry these principles of trusteeship and stewardship as academic and impracticable; but they are principles which many men and women and even many governments are themselves putting into very effective practice. One does not need to be a super-optimist to suggest that when this war ends there will be countless men and women anxious only for an opportunity of making some creative and constructive contribution towards the settlement of the world's problems. They will be animated less by the thought of personal monetary rewards than by the satisfaction of seeing something worth while accomplished. It will be men and women of this mentality who will provide the type of new director and educator needed to build up in these areas of the Pacific that kind of expanding and developing civilization which is not only desirable from the moral and physical standpoint but essential if we are all to travel together along the same road.

When one turns to some of the major post-war questions that

will most intimately concern other areas of the Pacific, one issue that immediately suggests itself, and which might almost rank as a fifth essential freedom, is that of freedom of the air. It is absolutely essential that after the war this principle of the freedom of the air should be established as one of the inalienable national rights. With the tremendous development of aviation the air has become the dominant realm for fast transportation. Steps must, therefore, be taken to ensure that the growth of a world system of air communications is not seriously hampered because of the erection by any one nation of artificial barriers to progress. Freedom of the air should be established as firmly and as definitely as the freedom of the seas.

A good deal has been done in the way of granting reciprocal air rights between different countries in pre-war years. Much can still be done in post-war years along those lines, but more than that is required. Across all countries, certain international air routes should be laid out and certain air fields should be set aside as free ports that may be used by the planes of any country. That is not to suggest that within a nation's boundaries another country should have the right to run an air-line anywhere it likes. It is obviously only common sense that the United States, for instance, can run its own air-lines and Canada her air-lines, and Great Britain her air-lines to serve their own home areas with greater efficiency and satisfaction than any foreign interest is likely to do. It is urged, however, that a strong case exists for an international agreement under which each country acknowledges the right of through transit over its territories for the aircraft of other nations. Just as in pre-war days the vessels of one country could enter without question the commercial ports of another country, so in the post-war world, the through planes of any country should be able to enter and cross the territory of any other country. The United States may, for instance, wish to run an air-line to Moscow via the United Kingdom. It may be that the Canadian route via Nome will be used. There is no logical reason why this should not be agreed to without question, or why the British should not have the right to run an air-line to New Zealand across American territory in the same way.

Even now it is doubtful whether the tremendous development which is bound to take place in civil aviation after the war is fully realized. It will mean that distant countries like New Zealand and

Australia will be brought infinitely closer, in point of time, to the world's centres. There will be no more distant countries; in fact, every country will be a natural stepping-stone to some other place. It is interesting to speculate on South America. Here is a vast continent which has not been visited to the same degree, for instance, that Europe was visited in pre-war years, largely because it does not lie on the direct route to anywhere else. But with the development of air-lines it will be a natural through route for the South Pacific.

International problems associated with the post-war development of trans-Pacific air routes impinge closely upon the further question, which has lately received some attention in the United States, of the maintenance of air and naval bases in the Pacific for future security purposes. There have been statements by American leaders in government and private life urging that the United States should take action now to secure the use, if not the ownership, after the war, of bases which American forces have constructed during the past two years at various strategic points throughout the Pacific.

I think that this discussion, which some have called premature, is valuable. It clarifies the opinions and views of the public and of the leaders of the different countries concerned. After all, nothing is to be gained by ignoring the fact that these bases have been built, are of great strategic importance, and could be available after the war for the use of the navies, armies, and air forces of the United Nations or of any international police force that may be created. Their maintenance, moreover, will be essential if collective guarantees against future aggression are to be properly enforced. Why, therefore, should the question not be aired now in the hope that a substantial measure of agreement may be reached at least as to the principles which should govern the use and control of these bases in the future? That is not to say we should determine at this time exactly which bases should be controlled by any particular power; it is to be hoped that a settlement will not be reached along those lines. What we should try to achieve is an agreement that bases which are necessary for the United Nations'—I stress again, the United Nations'—use after the war in maintaining universal peace under a universal peace system should be available to the United Nations forces needing them.

The big things that are bringing the United Nations together, which unite them so firmly in the present, and which should hold them together in the future are much more important and much more permanent than the little things that divide them. One of the best examples of relations between nations which ignore distance is that between New Zealand and Great Britain. New Zealand has always tended instinctively to look past the Americas to Europe—to England from whom we have inherited our culture, our traditions, and our way of life; on whom we have so largely depended for our prosperity; and to whom we have always looked for our defence, and I know of nothing that can impair the value which New Zealand attaches to its British Commonwealth connection or dim that deep-rooted sentimental attachment which makes even the third and fourth generation of New Zealand-born still speak of a country they have never seen as 'home.' In the United Kingdom, the United States, and in New Zealand, there are, however, similar political traditions and a similar pioneering environment which have given rise to social attitudes and cultural values that have a great deal in common, and, whatever else happens as a result of this war, one thing is certain—there will be an increasing awareness of the United States and of Canada on the part of our people. And I hope I am not mistaken in prophesying that this growing sense of awareness and understanding will be reciprocated on the other side of the Pacific. And as our political consciousness of America grows, so will our commercial, economic, cultural, and personal contacts and relationships multiply and flourish. New Zealanders hope that the ties which link their dominion with America will be as intimate and as strong in peace as they are in war, and even more fruitful. It is essential that this link be forged if we are to divert the energies of mankind from finding expression in the struggle of one man against another, of one country against another, into a struggle of all men against nature for the purpose of securing a fuller and a better life. For then alone shall we be entitled to say with honesty that we are really facing a new Pacific, and not simply allowing the war to drift on and end some day finding us unprepared to build any real civilization from the ruins of the present.

## CHAPTER XIII

### CO-OPERATION WITH AUSTRALIA

ON 15th January 1944 three ministers from New Zealand and eight ministers from Australia, together with the High Commissioner for Australia in New Zealand and the High Commissioner for New Zealand in Australia, met in Canberra. The conference was concerned with ways and means of co-operating the activities of the two dominions, both in the war and in the constructive tasks of peace that lie ahead. The main purpose was to discuss the position in the South and South-west Pacific and to find how the two dominions could best work together. Full agreement was reached.<sup>1</sup> The agreement has importance because it is the first of its kind between two members of the British Commonwealth.

The first clause says that the two Governments agree upon the full exchange of information as regards both the views of each Government and the facts in the possession of either bearing on matters of common interest. That thought runs right through a number of clauses.

While there is this fundamental undertaking to consult and to exchange views freely and fully, it is not laid down or expected that there should in all respects be identical policy or identical action as a result. It is rather a case of two countries agreeing to try to find out facts with regard to their common interests, and to see if they can get better results by working together than by working apart. The two Governments will still be free to differ; but they undertake to try to find out the road to a common policy for both.

Such a procedure would be good for the British Commonwealth as a whole. It would be good if all the members of the British Commonwealth met to see whether they could find a common policy on matters of common interest. Not necessarily that a majority should commit the whole Commonwealth, but when they can find subjects on which they could agree they should agree on those subjects and the members of the Commonwealth as a Commonwealth should go forward together.

<sup>1</sup> See Appendix VI.

The agreement gives the assurance of each Government that all matters of common interest will be discussed between them before they give an expression of opinion anywhere else. There have been occasions when New Zealand and Australia have taken independent action without previously consulting each other with results which have sometimes proved harmful to one or the other; whereas, if they had beforehand quietly and carefully examined the facts of the problem they were considering, they would probably have put forward a uniform case that would have brought infinitely better results than were achieved by putting up separate cases.

‘So far as is compatible with the existence of separate military commands, the two Governments agree to co-ordinate their effort for the purpose of prosecuting the war to a successful conclusion.’ This is the operative clause of the agreement on the military side. Associated with Australia and New Zealand there are two areas for military operations, the South Pacific area and the South-west Pacific area. In the South Pacific area the commandant is Admiral Halsey, who is subordinate to Admiral Nimitz. In the South-west Pacific area the commander of the forces is General MacArthur. Their lines criss-cross. The hope of New Zealand and Australia from the commencement of the conflict was that in the Pacific area there should be one command, but the Americans who are in charge there thought there should be two commands, and there are and have been two commands.

The two countries affirm that they have the right to continuous consultation in connection with all armistice arrangements. They are not just two governments to be told what other governments are going to do. They feel that they have a right, and they affirm that right. The two Governments declare that they have vital interests in the preparations for any armistice ending the present hostilities or any part thereof, and also any arrangements subsequent to any such armistice, and say that their interests should be protected by representation at the highest level on all armistice, planning, and executive bodies.

Further clauses provide that His Majesty’s Government in the Commonwealth of Australia shall set up in Australia, and His Majesty’s Government in the Dominion of New Zealand shall set up in New Zealand, an Armistice and Post-Hostilities Planning

Committee. This is on the lines already followed in the United Kingdom. And the two Governments agree to collaborate generally with regard to machinery set up under international organizations—U.N.R.R.A., for instance.

Major clauses in the agreement relate to security and defence. Any one looking at a map of the South Pacific will see that the menace to Australia is likely to come from the north and the north-west. It may come from Java or Timor or New Guinea or the Solomons, and if to these places we add New Caledonia, there is an arc round the top of Australia from which the security of the country could be menaced. If our examination is continued to New Zealand we find that it could be menaced from the east coast of Australia, from New Caledonia, from the New Hebrides, from the Fiji Islands and the Cook Islands, and from Samoa. These two arcs constitute the bases for the protection of our two countries, and the Governments affirm that they will each take responsibility, either sharing it or taking full responsibility, if necessary, for maintaining security for those islands or those lands.

We agree to act together because our defence is impossible if Australia is menaced, and Australia is menaced if New Zealand is in danger; so that by the linking of the two together each tends to work towards the defence of the other.

The agreement goes on to say that the two Governments regard it as a matter of cardinal importance that they should be associated not only in the membership but also in the planning and establishment of the general international organization referred to in the Moscow Declaration of October 1943, which organization is based on the principle of the sovereign equality of all peace-loving states, and upon the membership by all such states, large or small, for the maintenance of international peace and security.

The last word in connection with security and defence is that the two Governments accept as a recognized principle of international practice that the construction and use in time of war by any power of naval, military, or air installations in any territory under the sovereignty or control of another power, does not in itself afford any basis for territorial claims or rights of sovereignty or control after the conclusion of hostilities.

Civil aviation is an issue of some importance to all of us; it is an



issue on which fairly wide differences of opinion are possible; but on which full agreement was readily reached between Australia and New Zealand at Canberra. There is first the affirmation that we should have a new convention for the world with regard to civil aviation; and having that new convention the two Governments declare that the air services using international air trunk routes should be internationally owned. The two Governments affirm as strongly as possible that a contributing way to avoidance of further conflict as between country and country is to have international ownership of international air routes. This means that if there are to be, as there will be, air services from North America—Canada and the United States—down to the South Pacific, to Australia and New Zealand, they should be, in our opinion, internationally owned, internationally equipped, internationally managed, internationally manned. They should be entirely international organizations.

Then we go on to affirm that if we cannot have internationalization of the airways, we want a British Commonwealth air system across the Pacific. That would mean a system owned and controlled and operated by the Governments of Canada, Australia, New Zealand, and the United Kingdom. It is important that we should see just how Britain's interest comes in there. It would be a mistake from the Commonwealth or Empire point of view if the United Kingdom as the United Kingdom came out of the Pacific. Some time or other the case will be put up that it will be good for London, shall we say, if they let Australia and New Zealand look after Fiji, the Ellice and Gilbert Islands, the Solomons, and so on. I think it would be a mistake from the British Commonwealth point of view if the United Kingdom were out of the Pacific.

Now we come to the question of dependencies and territories. Australia affirms and New Zealand supports that they will take control of the territories that were theirs before, and are now in the occupation of the enemy; just as soon as they have recaptured them, they will start reorganizing their territories, the Solomons and New Guinea and other places. They also affirm that the control of no islands in the Pacific shall be transferred from their present sovereignty to any other sovereignty without their being consulted.

Another point is in connection with the welfare and advancement of the native people in the Pacific. Personally, I should think that was the most important thing outside security in this agreement. It is affirmed that the two Governments are in accord in essence with the recently established policy of the British Empire—established in the last decade or generation—that their ownership of colonies is mainly a trustee ownership. In accord with that principle we feel that trusteeship should be the exclusive policy feature of the control of these islands in the Pacific area, and that the benefits of the products of these islands should go to their people. No matter how competent and clever we might be, no matter what resources we might have, I do not think that we have the right to go to areas of land where there are resources that are helpful to us and take those resources from the people who live on those islands or areas of land, and keep the natives on a low standard while we take those resources from them to build for ourselves a higher standard.

It is agreed that the control of the islands in the South Pacific should be organized through a South Pacific regional commission, and that commission should have representatives of the United States, the United Kingdom, France, New Zealand, and Australia, who should work together for the purpose of lifting the educational standard, the health standard, the living conditions of the whole of the Pacific islanders, whether Polynesians, Melanesians, or Micronesians. Trusteeship means that we have no right to exploit the natives, but should work with them for our benefit and theirs.

The clauses of the agreement on the control of immigration and emigration affirm that in the peace settlement or other negotiations the two Governments will accord one another full support in maintaining the accepted principle that every government has the right to control immigration and emigration in regard to all territories within its jurisdiction, and that the two Governments will collaborate, exchange full information, and render full assistance to one another in all matters concerning migration to their respective territories.

The agreement provides for the calling of a conference of representatives of the Governments interested in the South-west Pacific areas. That conference would consist of representatives of the

Governments of the United Kingdom, the United States of America, the Netherlands, Portugal, the French Committee of National Liberation, the Commonwealth of Australia, and the Dominion of New Zealand. The idea behind that conference is to determine what should be done in the South-west Pacific arc. Timor, for instance, is a most important area of land from Australia's point of view. It is the nearest island to Australia. It is owned half by the Portuguese and half by the Dutch. That is why Portugal is included. The agreement concludes with the administrative proposals to give effect to the policy agreed between the two Governments. An Australia-New Zealand Affairs Committee with a permanent secretariat in Wellington, New Zealand, and a permanent secretariat in Australia will be set up. The High Commissioner of Australia in New Zealand will be a member of the Australia-New Zealand Affairs Committee in New Zealand, and the High Commissioner of New Zealand in Australia will be a member of the Australia-New Zealand Affairs Committee in Australia. They will work together in the two respective capitals on all problems affecting the two nations for the purpose, where possible, of achieving a common policy.

The objective behind the action of the Governments of Australia and New Zealand is to utilize the resources of the lands and seas of the South-west and South Pacific for the benefit of those who work in that part of the world. This objective can only be reached in security by agreements openly made, with the clauses known to all peoples; and the agreement affirms that whilst working together, the two Governments will welcome all other nations interested in the area to like co-operation for the same purpose.

## CHAPTER XIV

### THE END OF IMPERIALISM

IN these days, when the United Nations have passed to the offensive and when our forces are attacking the enemy in many parts of the world, it is worth while looking for a moment at the critical days of the summer of 1940 when the Germans had overrun all western Europe. At that time, in the west, one small land area was holding out against the Germans. Great Britain was standing alone in western Europe. Throughout that year, when invasion seemed likely to come at almost any moment, Britain was defended, not only by the people who lived there, but by men from all parts of the British Commonwealth of Nations who, with the British Army, supported by the Royal Air Force, arose to save England.

There is no need to describe in detail how England was saved or how, by saving herself, she saved the world. But one thing ought to be explained—how it was that these men from the outlying parts of the British Commonwealth came to Britain at that time to help in her defence—how it was that New Zealanders, for instance, were there. There is only one answer. The New Zealand expeditionary force was in Britain in 1940 of its own free will, obeying the urge of the New Zealand people who, through their independent Government in its capital, Wellington, had declared war on the Axis and sent their troops overseas to fight. No one had told them to declare war, no one had asked them to declare war, and no one had the right to tell them or ask them to do this. New Zealand has raised her voice with complete frankness regarding the conduct of the war whenever she has thought fit. She is an independent nation inside the British Commonwealth. She makes her own decisions. Her people give what weight they can in the struggle which they see not only as their own, but as a struggle of the British Commonwealth of Nations and of the other United Nations against forces of reaction and oppression.

New Zealand can claim to have played in this war a role of considerable importance, despite the comparative smallness of her

population and resources. She has been able to do so not simply because of her own ability, but because she is part of a bigger whole. Her cruiser *Achilles* was of great value in the South Atlantic battle against the *Graf Spee* because it was fighting side by side with British cruisers. Her troops in all their actions in the Middle East have had British aircraft supporting them, very often British gunners firing alongside them, and British tank crews brigaded with them. Near by there have been Australian divisions, South African divisions, airmen from Canada, and men drawn from other independent parts of the Commonwealth.

All branches of the Commonwealth have sent their men and women from distant shores to fight where the conflict is fiercest and where the enemy can be hit the hardest. There, shoulder to shoulder with men from Britain, have been Indians, Canadians, South Africans, Australians, and New Zealanders fighting in battles alongside the men of America, Greece, Fighting France, Holland, and of other countries of the United Nations. In Abyssinia, in Libya, over the North Sea, at Dieppe, over Germany, in the South and South-west Pacific, in North Africa, in Tunis—all new names added to this war's roll of battle honours which already includes the campaigns of Greece, Crete, Egypt, and the earlier battles of Libya—these men and women from various parts of the Commonwealth, as the need arose, made their contribution towards the safety and security of the whole. These men have all come from independent nations, and they are in the war by the vote and decision of their own governments.

But while we in New Zealand, for example, are intensely proud of that independence we are also proud to belong to a bigger unit, because we have found that membership of that bigger unit, the British Commonwealth of Nations, has given us opportunities for development, has given us access to culture, literature, and ideas which we have not the resources or the population to develop as yet in our own small country. For that reason we see in the British Commonwealth of Nations a principle which should not be destroyed, but should rather be extended so that a similar relationship can be established between other independent countries in the world, and into which the present colonial and less-developed areas can be admitted one by one as they come to adult nationhood. Of

these areas India will, almost certainly, be one of the first to be admitted to that full freedom the moment the war finishes. She has been promised freedom and its fulfilment cannot be long delayed. But that must not interfere with the military needs of the present. Winning the war must be the prime objective, though the paths it is proposed to travel when peacetime comes must be kept constantly in mind.

I am certain that I echo the opinion not only of the people of New Zealand, but of all of the dominions, in saying that we are proud of our association with the British Commonwealth. For the British Commonwealth is a timely reminder that a group of independent nations can work together in a form which enables them to retain their independence, while at the same time giving them the immense advantage of united strength. The proof of that independence is the fact that Canada, Australia, New Zealand, and South Africa decided to fight; Eire, a like member of the Commonwealth, decided otherwise. All were completely free to choose. Some chose one way and one chose the other way. The New Zealanders chose to fight because their freedom and their living standards are high, and because they believe that that freedom and those standards can be preserved only in a world which is equally free and where other people have a chance to obtain an equally good life.

The British Commonwealth has brought freedom to six nations. The seventh nation stands on the verge. Other parts of the Commonwealth which are now colonies or mandates are assured of this freedom as they reach nationhood and conscious competency to govern. In the past, therefore, the contribution which the Commonwealth has made to world freedom has been a considerable one. Inside the world order now slowly taking shape it can make an even greater contribution, ordering all its policies in accordance with the principles of the Atlantic Charter and extending its contacts with the other United Nations so that full freedom may gradually come to all people under a collectively guaranteed security system.

The principles of the world charter drawn up on the Atlantic Ocean and to which all United Nations have signified their adherence can be worked out and put into practice only if we work them out together. We either stand together in this world, all

nations, all classes, all creeds, all races, or we fall to the machinations of those with power philosophies. The United States has done much, the British Commonwealth has done much, China, Russia, Greece, and other United Nations have made great contributions—and it is from these countries collectively that the immediate years demand the thought, the sacrifice, the determination, the courage to build that better world where all may have abundant life.

The attitude of mind of the British Commonwealth towards the future is a subject which arouses the keenest interest in the United States to-day. Indeed, it seems to arouse even keener interest in the United States than inside the British Commonwealth itself. That interest is something which should be encouraged to the full, because it shows that American public opinion is genuinely concerned with the future of the world, and not merely with the future of America, and because it suggests that there is a sincere desire in the United States to see the Atlantic Charter made a realistic document.

The first task in discussing the future of the British Commonwealth is to make absolutely certain that there is the clearest understanding as to exactly what is meant by 'British Commonwealth.' There are two meanings commonly attached to the term. It is taken by some to mean the United Kingdom and the other self-governing nations, that is to say, the United Kingdom, Canada, Australia, New Zealand, South Africa, and Eire. This interpretation in other words confines the use of the word 'Commonwealth' to those British countries which have attained full independent nationhood and are tied together only by common allegiance to the Crown and the common traditions and interests arising from their British origin. The other interpretation extends the use of the term 'Commonwealth' to include not only the self-governing dominions, but also India and the dependencies of the United Kingdom, that is to say, all that vast group of territories which form what is generally called the British colonial empire and which range from areas on the verge of self-government to island colonies in all parts of the world.

I think this second is the sounder definition.

It is no wonder that this Commonwealth is of the greatest interest

to other people of the world beside the British, for it occupies over one-quarter of the known surface of the globe and its population exceeds one-quarter of the estimated number of the human race. In 1931, the last year for which figures of any reliability were available, it was estimated that the Commonwealth's white population was 70,000,000, mainly British, but partly French, Dutch, and Spanish. But the total population of the Commonwealth is between 500,000,000 and 600,000,000, of whom more than half are in India and Ceylon. The remainder, in large proportions, include Africans, Arabs, Malaysians, Chinese, with smaller numbers of Polynesians, Melanesians, and other racial groups. Side by side with this great variety of races comes almost as great a variety of religious persuasions: Hindus, Mohammedans, Christians, Buddhists, Animists, Sikhs, Jains, Parsees, Jews, and countless tribal sects.

The most subtle relationship in the Commonwealth is that between the self-governing dominions and the United Kingdom. This is laid down in the Statute of Westminster of 1931, which states that the members of the British Commonwealth of Nations are united by common allegiance to the Crown. The text, however, usually quoted as defining the legal position of the British dominions is the Balfour Declaration of 1926, which states that 'the United Kingdom and the Dominions are autonomous communities within the British Empire equal in status, not in any way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown and freely associated as members of the British Commonwealth of Nations.'

The most important point which emerges from this definition is that the component parts of the Commonwealth are free, independent, self-governing nations and that they have their own individual opinions about the future. Therefore, in discussing the problem of the British Commonwealth facing the future, one discusses not the policy of the Commonwealth as a whole, but the individual policies supported or advocated by the different dominions and the United Kingdom.

In foreign policy, even though consultation between the various member nations of the Commonwealth has been close and continuous, conflicting views have often been expressed and conflicting



policies advocated. The dominions have expressed their own opinions perhaps in differing ways, but with the same freedom and frankness. The role of the British Commonwealth in the post-war world cannot, therefore, be discussed in the same terms as one might discuss the future of any single integrated body like the United States of America. It is rather a question of considering the probable attitudes and policies of an association of states each with its own opinions and its own views.

Though the component parts of the British Commonwealth are independent and have, as a result of their historical background, their geographical position, and their political ideas, differing conceptions about the future, certain factors influence them all and tend to bring a degree of similarity in the fundamentals of their policies. In the first place, there is the fact that the dominions and the United Kingdom are not only members of the British Commonwealth of Nations, but also members of the United Nations. With the exception of Eire every member of the British Commonwealth on 1st January 1942 signed the United Nations Declaration signifying their adherence to the principles of the Atlantic Charter. Just as in pre-war years they were, and indeed at the present time still are, members of the League of Nations, as well as of the British Commonwealth, so they are now a part of the United Nations as well as of the Commonwealth. The only member of the Commonwealth which is not a member of the United Nations is, once again, Eire. Yet the Irish showed themselves among the most active and strongest supporters of the League of Nations, and there is no doubt that they are prepared to play their part in any world organization of the future whether that organization takes the form of a revived League or a United Nations council. Mr. De Valera, speaking on 5th October 1941, has stated this clearly: 'We have shown ourselves ready to join in any world organization of free peoples designed for the general welfare of mankind and for the maintenance of peace on the only basis on which peace can be built and endure: justice for all and fair play for the little as for the great. We are ready to make, as members in such an organization, the same sacrifices that other nations make. We can do no more.'

In the second place, there is the fact that all parts of the Commonwealth are influenced to a greater or less extent by the two

other predominant powers in the present-day world, the United States of America and Russia.

Consider the first of these two factors, the influence of the United Nations concept on the future policy of the British Commonwealth. Not only have the governments of the separate parts of the British Commonwealth of Nations adhered to the Atlantic Charter, but their leaders have made forceful and specific declarations reaffirming their adherence to the principles of the Charter and the Four Freedoms. In England or on behalf of England there have been many such declarations. After all, it is a point worth remembering that the Atlantic Charter originally came into being as a result of a meeting between the President of the United States and the British Prime Minister, and the document was prepared at least in part by the British, the New Zealand Prime Minister, Mr. P. Fraser, being present at the meeting of the British War Cabinet in London which approved it. The statements of influential British leaders establish the fact beyond any reasonable doubt that acceptance of the charter is the corner-stone of British post-war policy.

Viscount Cranborne, Secretary of State for the Colonies, said on 2nd June 1942: 'We have already put our names to the Atlantic Charter. This lays down the fundamental principles on which the peace settlement must be based, and I do not think there is any one . . . who dissents from those principles. . . . His Majesty's Government regard themselves as absolutely pledged to carry out the Atlantic Charter, and all the Articles of the Atlantic Charter.' Lord Halifax, speaking on 26th February 1942 to the American Academy of Political and Social Science, said: 'We have vast resources which, when fully mobilized, will be decisive. When that happens we shall have, not for the first time, a tremendous opportunity to set the world once again on its feet. Who is going to do it? The United Nations. Every one of them will have a contribution to make and the greatest of them will have to make the greatest contribution.' Clement Richard Attlee, Secretary of State for the Dominions, said in London, 4th June 1942: 'The Atlantic Charter remains the basis of His Majesty's Government's policy. . . .'

This has been underlined by a clear statement by the Foreign Secretary that the British Government is prepared to consider specific institutions of an international character to establish the

principles of the Atlantic Charter. Mr. Eden, on 29th July 1942, said in the House of Commons: 'His Majesty's Government is entirely in favour of the establishment, or re-establishment, after the war of an international court of justice. It is the view of His Majesty's Government that international authority after this war will require to be backed by international force. In this respect also, we are in entire agreement with the United States Secretary of State.'

Let us turn for a moment to the dominions. On 1st October 1942, Mr. Evatt, the Australian Minister of External Affairs, speaking at Canberra, said: 'This country, like all the other United Nations, has pledged itself to the task of achieving the broad objectives embodied in the Atlantic Charter and in the historic declaration of the four essential human freedoms—freedom of speech and expression, freedom of worship, freedom from want, freedom from fear—anywhere and everywhere in the world. These declarations are not technically binding on Australia. But they are far more. They are solemn pledges of our dedication as a nation to the great ends of economic security, social justice, and individual freedom. Do we intend to carry out these pledges? The answer is, "Yes, we must."'

Mr. Mackenzie King, Prime Minister of Canada, in his address to the Pilgrims of the United States, 2nd December 1942, at New York, said: 'Victory and peace will some day crown the sacrifice of those who fight for freedom. When that day comes the peoples of the British Commonwealth and the people of the United States will be found at each other's sides, united more closely than ever, but they will be part of a large company. In that company all the nations now united in the defence of freedom will remain united in the service of mankind.'

Field Marshal Smuts, Prime Minister of South Africa, in an article in *Life* magazine, a periodical which appears to have become one of the main platforms in the United States for discussion of the future of the British Commonwealth, said of the post-war period: 'It will be a world governed by the Atlantic Charter and similar international instruments.'

That does in itself, I think, make clear the position of the other dominions and of the United Kingdom. The position of New Zealand is very definite on these questions. We have signed and we

intend to do everything we can to assist in the implementing of the Atlantic Charter. We believe in it as a policy. We advocated similar principles so far as we were able to do so in the pre-war years. Our views are even more definite to-day than then. Words however, are not enough. New Zealand believes that action is required.

The Atlantic Charter and its companion concept, the Four Freedoms, vitally affect the whole future of the British Commonwealth, because within the boundaries of the Commonwealth and particularly within that section of it known as the colonial empire, lie some of the peoples whose standards of living, educational facilities, and opportunities in life can be and should be very greatly increased. India, is of course, the most important of all these areas. After examining all the facts I am convinced that the recent British offer to India of a very substantial measure of autonomy was an honest one and a fair one, and that it was made as a genuine attempt to achieve complete independence for the Indian people. The same opinion is shared by the leading statesmen of the other British dominions.

I think it is a striking fact that dominion leaders, who are themselves extremely proud of their independent status as well as of their association with the Commonwealth, and who well realize how extremely dangerous refusal to grant self-government to a region which is already ready for it would be to the whole idea of the British Commonwealth, have never once during this war criticized the policy of the British Government towards India. That criticism has not been made because we have not had any justification for making it; it has not been made because we have had every confidence in the sincerity and the honesty of the British offer. The New Zealand Government will certainly be anxious to see at the first practical opportunity the institution of genuine independent rule for the Indian people.

Sir Stafford Cripps, in a broadcast on 30th March 1942, said: 'We want to make it clear and without any possibility of doubt or question that the British Government and the British people desire the Indian people to have full self-government, with a constitution as free in every respect as our own in Great Britain, or as any of the great dominion members of the British Commonwealth of Nations. In

words of the draft declaration, India would be in association with the United Kingdom and other dominions by common allegiance to the Crown, and equal to them in every respect, and in no way subordinate in any aspect of her domestic or external affairs.'

At the same time, Lord Cranborne, on his retirement from the position of Colonial Secretary, made a clear and unequivocal statement on the United Kingdom's intention to apply the same principles of development towards self-government to the other parts of the colonial empire. 'It must be clearly our aim,' Lord Cranborne said, 'to equip the colonial people to administer their own affairs whether our goal is near or far. That is one of the main aims that British colonial policy sets itself. We have made and are making considerable progress. The process of development which I have tried to describe has no fixed limits, it is a continuing process, there is no *so far and no further in our policy*. We have seen how old colonies like Canada, Australia, New Zealand, and South Africa have grown into great self-governing nations on absolute equality with Great Britain and responsible for their own affairs, each bound to her by an enduring bond of loyalty to the Crown. I see our colonial empire moving along the same road, not perhaps in their present isolation, but more closely associated in wider groups playing an ever-growing part in the British Commonwealth of Nations.'

It is not my desire to whitewash any dark spots in the record of the British Empire. It would be foolish to pretend there are not phases of its colonial policy and its development which give valid grounds for criticism or to deny that in at least a number of places much more should have been done than has been done. The important point, however, is that inside the British Commonwealth system a definite policy and philosophy has sought to promote the self-development and self-government of all areas that have come under British colonial control. The British Commonwealth has aimed at training its colonial peoples towards the day when they can take over their own affairs. The Commonwealth has remained a democratic evolutionary body which can point to the emergence of the independent dominions as a great step forward in the principles of international development.

But while it is well to recognize the uneven patches in this development and to appreciate the value of justifiable criticism, I

suggest that these extreme critics who can see no virtue or advantage in the Commonwealth idea, and look therefore to its early disintegration, should give serious thought to the kind of structure that is to take its place. There is not much point in criticizing or attacking the British Commonwealth if the alternative that is proposed is simply another imperialism. The British Commonwealth is developing out of the imperialist stage into something more and something better. Nothing would be gained—indeed, freedom and progress would be set back immeasurably—by simply introducing a new and perhaps much less enlightened type of imperialism to the world. We cannot afford the extension of any kind of imperialism; certainly we cannot afford to foster the rise of a new imperialism. And while I agree whole-heartedly with those who want to see a faster development of the colonial areas, we should only succeed in putting the clock back if another form of imperialism came into being allegedly to secure this development.

While I still stress my own belief that the process of education and development can be speeded up, I would like to urge also upon those people who are the most ardent critics of the arrangements prevailing in some parts of the British Commonwealth the necessity of looking very closely into the local factors affecting each area before passing judgment. Consider, for example, the political and administrative problems which arise in the case of Fiji, problems which are by no means peculiar to this particular colony. One problem in Fiji is that in addition to the native Fijians there are a great number of Indians, emigrants from India, who have settled in the colony. The figures for 1938, the latest reliable ones available, show the native population comprising 49.5 per cent of the total population, the white population 2 per cent, the Chinese 0.9 per cent, the Japanese 0.03 per cent, and the Indian 43.8 per cent. Since then the proportion of Indians has increased so that they are now close to numerical equality with the Fijians. At once one is up against an ethnic problem if home rule is given to an area like Fiji. Are the Indians to be given an equal share in the government along with the Fijians, or should the latter be guaranteed a pre-dominant voice in the islands' affairs?

The dominions and the United Kingdom are sincere in their adherence to the Atlantic Charter, and in their desire to see the

principles of the Atlantic Charter implemented. If any one doubts that sincerity he should look further at the widespread discussion which is going on, particularly inside the United Kingdom, not merely of the general principles on which to build a better world in the future, but of the specific steps necessary to achieve that world. The Beveridge Scheme, which lays the foundation for social security in Britain, has received a great deal of publicity and attention. But other studies have been carried out by a variety of officials and unofficial committees and representative bodies, not for the purpose of elaborating general principles, but for the purpose of working out practical and specific plans for post-war reconstruction. In the same way, we have, in New Zealand, our own rehabilitation and reconstruction schemes, some of which it is intended to give full effect to the moment war stops. These, however, though necessary preparations to get our own house completely in order, are only part of the problem.

The other part of the problem relates to the need for planning on an international scale, particularly where economic questions are concerned. In this field there have been no clear statements of the economic or political policy which is to be followed in achieving the objectives of the Atlantic Charter. The British Commonwealth of Nations has not yet committed itself to any one definite policy. It is important, however, to stress the fact that during the war we have ourselves adopted and accepted lend-lease principles. There are reciprocal lend-lease agreements between the United Kingdom and the United States, between Australia and the United States, and between New Zealand and the United States. But while lend-lease represents one of the greatest forward steps that have been taken in a practical way towards the development of a world economic order, based on the fullest use of resources and the widest distribution of wealth, it is not in itself enough. We still have to do inside the British Commonwealth, and, I suggest, inside the United States of America and the other United Nations, a great deal of hard specific thinking about the future. We still need to thrash out around the conference table exactly how we are going to arrange the economic structure of the world after the war.

Economic questions go very deep into the realities of life. They are questions on which feeling can run very high and expression

can be very bitter. We must, therefore, try to solve them while we are still welded together by the sense of common danger and common purpose. After the war we may have great difficulty in getting the necessary agreement. To postpone the attempt is simply to postpone coming to grips with reality. In this process the British Commonwealth, the United States, and every other country of the United Nations, including particularly Russia, must play its part.

Obviously the two countries with which we of the British Commonwealth must reach the fullest understanding on these questions are the United States and Russia. Russia's prestige is tremendous as a result of her almost incredible endurance and her magnificent military achievements which stopped the Nazi tide from rolling on during one of the most critical periods of the whole war, when it threatened to engulf the last remaining outposts of European and perhaps world freedom. This has had a profound effect on the feelings of the British peoples towards the Soviet Union.

If any one feels that we of the British Commonwealth are apt to get sentimental about the Russians, let them think back to the situation which faced us in June 1941. We were just managing to keep Rommel out of Egypt; our forces in the Middle East were critically weakened by the necessary but serious losses suffered in Greece and Crete; the new armies in Britain were only just receiving the equipment they so desperately needed to meet an imminent invasion; the Royal Navy and the dominion navies were stretching their resources in every part of the world. If the Germans had been able to finish off the Russians quickly they could have swung part of their armies southwards and gravely threatened the whole of the Middle East whilst turning against Britain with the remainder of their forces. All these dangerous possibilities were prevented by the Russian resistance. No wonder the ordinary Englishman who expected invasion hourly throughout the year 1940 to 1941, or the ordinary dominion soldier who in the Middle East saw the Russians pinning down the German armoured divisions which otherwise might have been hurled upon him through Turkey, feels that he owes much to the Russians.

This appreciation of Russia's war effort and this immense respect for the Russians' strength naturally means that in the post-war world Russia will always be a welcome member of the United



Nations. Her influence will be very great for that reason. It is essential, therefore, to secure and maintain the closest possible contact between Russia and the other members of the United Nations. More understanding is needed on both sides. There still exist in many minds suspicions about the Russian Government which must be removed entirely before any satisfactory peace can be constructed.

The Russians have signified their adherence to the United Nations declaration which reaffirms the principles of the Atlantic Charter. The general support of the principles of the Atlantic Charter has been reiterated by no other person than Stalin himself in his speech of 6th November 1942, when he said very definitely that Russia's aims were: 'Abolition of racial exclusiveness, equal rights for all nations and the inviolability of their territories, liberation of enslaved nations and restoration of their sovereign rights, the right of every nation to manage according to its own wishes, economic help to nations which have suffered, and co-operation with them in the task of attaining material welfare, restoration of democratic liberties, and destruction of the Hitlerite regime.'

If these points are examined in turn one can see that they constitute a further underlining of the main declarations of the Atlantic Charter already signed by Russia. Stalin's statement that Russia, as well as England and America, stands for the 'abolition of racial exclusiveness and equal rights for all nations and inviolability of their territories' is Point 6 of the Atlantic Charter. Stalin then went on to say that Russia stood for 'liberation of enslaved nations and restoration of their sovereign rights.' There again he underlined Point 3 of the Atlantic Charter, which stated that the signatories 'respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them.' Stalin's principle—'Right of every nation to manage according to its own wishes'—is Point 2 of the Atlantic Charter and the first section of Point 3, which read: 'They desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned. . . . They respect the right of all peoples to choose the form of government under which they will live.' His next

point—‘Economic help to nations which have suffered and co-operation with them in the task of attaining material welfare’—is virtually the same as Points 4 and 5 of the Atlantic Charter, which read: ‘They will endeavour, with due respect for their existing obligations, to further enjoyment by all states, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world, which are needed for their economic prosperity. They desire to bring about the fullest collaboration between all nations in the economic field, with the object of securing for all improved labour standards, economic advancement, and social security.’

These points have been stressed in detail, because the principles enunciated by the Russian leader are in complete accord with the principles set out by Franklin Roosevelt and Winston Churchill. They are a blow against a type of suspicion which can poison the future if we are not careful. There are other points in this speech of Stalin’s which repay study. He referred warmly, for instance, to the Anglo-Soviet Agreement of 1941 and the United States-Soviet Agreement signed during Molotov’s visit to the United States in 1942. He referred in a very friendly manner to Mr. Churchill’s visit to Moscow in the summer of 1942.

There have been other signs, too, of this desire on the part of the Russians for a friendlier and fuller understanding with ourselves. For instance, when our troops entered North Africa, Stalin went to the trouble of replying in detail to a second letter forwarded him by Mr. Cassidy, the Associated Press correspondent in Moscow; he spoke warmly of the opportunities which the Anglo-American campaign in North Africa opened up, and cabled congratulations on the great successes achieved by the American Army and the British Army in North Africa. These gestures are not those of a country or of a man towards whom there is reason to maintain an attitude of suspicion.

On the other hand, there is no doubt that this suspicion must be attacked from both sides. Stalin himself has made a beginning by endeavouring to break down the tremendous body of distrust in Russia of the western Allies, a distrust which dates right back to the conclusion of the last war, and which was intensified by many events in the intervening period. The attitude of mind which was

built up in Russia at that time, whether justifiable or not, is something which has to be broken down before we can plan a solid and durable peace together. The impact of the war has done much already to break it down. There is a widespread appreciation of the fact that Russia saved our civilization on the great eastern front at Stalingrad and at many other places. The fact that more and more British, American, and other foreign soldiers and observers are coming as a result of this war into direct contact with the Russians helps little by little to dissolve the barriers that have been built up. This will be further intensified if new theatres of war develop, as, for instance, they may well do in an area like the Balkans, in which Russian and Anglo-American forces find themselves fighting side by side.

In this connection there is an important legal document which defines the principles and the policies that are to determine future relations between the U.S.S.R. and the United Kingdom. This is the treaty signed on 26th May 1942, and described as 'The Treaty of Alliance in the War against Hitlerite Germany and her associates in Europe and of collaboration and mutual assistance thereafter concluded between the Union of Soviet Socialist Republics and the United Kingdom of Great Britain and Northern Ireland.' Article V states: 'The High Contracting Parties, having regard to the interests of the security of each of them, agree to work together in close and friendly collaboration after the re-establishment of peace for the organization of security and economic prosperity in Europe. They will take into account the interests of the United Nations in these objects, and they will act in accordance with the two principles of not seeking territorial aggrandizement for themselves and of non-interference in the internal affairs of other States.' Article VI reads: 'The High Contracting Parties agree to render one another all possible economic assistance after the war. . . .'

This treaty was negotiated with the full knowledge and understanding of the dominions and, though they are not bound by it, they certainly concurred in the policy it embodies.

The first essential condition for a peaceful world order after this war is that Russia, together with China, should be parties to all agreements and discussions concerning post-war arrangements from the time such agreements or discussions are initiated. We should

not go to either of these powers with a combined Anglo-American plan saying, in effect: 'This is what we think—take it or leave it.' Anything of that nature must tend to arouse their antagonism and their suspicion. All four of these major powers among the United Nations must sit down at any conference table as equals. It is not for a moment suggested that the Big Four should have the exclusive right of determining the peace. All the United Nations must have a voice when the time comes. The point is, however, that no peace will be enduring unless these four chief powers, the United States, the United Kingdom, Russia, and China, are in agreement; and that agreement will be reached far more rapidly and far more easily if we cast out of our minds our old prejudices and suspicions and sit down as equals as soon as possible to work out the main lines of the post-war world.

Relations with Russia have been discussed at some length because they seem to be the core of one of the main problems of the post-war settlement. Another matter, however, also of great importance, is the need for complete understanding in the United States of the character and ideals of the British Commonwealth and for complete understanding in the British Commonwealth of the character and ideals of the United States. There is no doubt that the United States will emerge at the end of the war one of the world's mightiest powers from a military, naval, and economic viewpoint. There is a strong common interest between the United States and the dominions because we have all the same traditions of independence and initiative associated with the frontier fighting spirit. In certain areas, particularly in the South Pacific, members of the British Commonwealth are in a close strategic relationship to the United States. New Zealand realizes the tremendous debt we owe to the United States Navy for our defence of 1942. Both Australia and New Zealand, of course, are of great importance strategically to the United States. If we had been knocked out by the Japanese, the task of reducing Japan would have been much more difficult, and would ultimately have cost countless American lives. In the battles of the Coral Sea, of Midway, of the Solomons, therefore, more than the security of these two British dominions was at stake. But we realize, nevertheless, that we owe a very great deal to the United States Navy, Army, and Marines—more than

we can easily express. This unity of strategic interest binds us very closely at the present moment and adds to the other ties between our countries.

The first basic interest of all nations in the post-war world, however, must be the establishment of international security, and any action in this direction is futile unless America plays a big part in it. Little is to be gained by trying to make a richer and better world if in that world there is going to be no sound means of ensuring international peace. One of the essential factors, if not the essential factor, in securing peace is a healthy adjustment of the world's economic problems. But in order to get that adjustment we must have a political mechanism for securing and maintaining peace.

Post-war security cannot be guaranteed unless the United States is prepared to play an active role in world affairs. Such a responsibility, I suggest, is the essential counterpart to the great and profound desire of the American people to see justice done to the backward peoples of the world and particularly to those who live in the politically dependent areas of the British Commonwealth. At times the development of self-government and of independence in colonial territories can endanger gravely the whole strategic future of a nation or group of nations. The granting of progressive measures of self-government to the present colonial sections of the British Commonwealth can only be expedited if the United States is prepared to lend her full moral, military, and economic support to collective guarantees of future world security. The price, for instance, which must be paid by those people in the United States who demand that India should have complete independence is a willingness to help maintain international security if that security is in any way endangered by the granting of Indian independence.

The same considerations apply in connection with other British colonial possessions. Britain, for instance, can relinquish sovereignty over places of strategic importance only if she knows that control over these regions will not be a military necessity for the purpose of checking aggression or of fighting another world war. And the only sure way of avoiding such a necessity is by bringing into existence an effective security system that will prevent aggression in any shape or form. That system cannot come

into being unless the United States is prepared to play her part in it. If the responsibility for granting full independence is to be a joint one, then the responsibility for the maintenance of security must be a joint one. Panama, for instance, bears somewhat the same relationship to the world of the Americas as some other points bear to the British Commonwealth.

Professor E. H. Carr, that penetrating British political writer, puts it very succinctly in his latest book, *Conditions of Peace*, when he says: 'One of the gravest dangers ahead is that American influence will be employed to frame a peace settlement of a character which could be maintained only by American power, and that American power will not, in fact, be available to maintain it.'

Future world organization, as already shown by the quoted statements of British and dominion statesmen, must rest on the Atlantic Charter and on the concept of the United Nations. No Commonwealth government, to my knowledge, has given the slightest indication of any desire for the British Commonwealth to be superseded as a political organization by any other international group. Its members are all ready to accept and to make and to keep the pledges given on 1st January 1942. They are anxious, and in every way willing, to play the fullest part they can in a United Nations organization, but they see no reason why that organization should lead to the dissolution of the Commonwealth. The people of the British self-governing dominions have grown up to nationhood within the Commonwealth structure and in so doing have attained a degree of stature that might not have been possible otherwise. We do not see in the preservation of the Commonwealth connection any inherent conflict with our obligations as members of the United Nations pledged to the principles and policies of the Atlantic Charter. The British Commonwealth, I am sure, will play its part to the full in carrying out these obligations—as it can claim to have played its part to the full in stopping the Axis attempt to dominate the world. But all the United Nations must be in on the task of guaranteeing future security. Mr. Eden has expressed that point of view very vividly in a recent speech. He said: 'We have a direct and inescapable responsibility for peace at all times. This is a responsibility which is not ours alone. We share it with the other nations of the world. We have continually to revise our

understanding of geography. Before ever this war began the world was shrinking before our eyes. The war has accelerated that process. The world after the war will be a still smaller place. There will be no room for isolation, no room for selfish policies or un-neighbourly policies. There will be but one village street from Edinburgh to Chungking. . . .'

The strategy of victory must be formed of a united war strategy and a united peace strategy. To this end there are four essential conditions which we must do everything in our power to meet. One is that Russia and China, as the two other major powers, along with Britain and the United States, among the United Nations, should be notified of all discussions of post-war agreements at the start of those discussions and that all these countries, Russia, China, Great Britain, and America, should meet as equals. The second is that the suspicion of Russia that exists on our side of the barrier and the suspicion of us that exists on the Russian side must be broken down. The third is that one of the possible grounds of misunderstanding between Great Britain and other United Nations should be cleared away by encouraging a close examination of what the British Commonwealth of Nations really is and what its institutions really are, despite the fact that they may bear the label 'Imperial' or some other such description.

And lastly, the most important point of all is that neither the British Commonwealth, nor the United States, nor Russia, nor China, nor any other group of powers can alone settle the future problems of the world. The British Commonwealth is a great organization, so is the United States of America, so is the U.S.S.R., so is China, but no one of them alone can secure the future peace or the progressive development of the world in the post-war years. There must be a co-ordinated and strong United Nations body in the post-war world. There are both room and necessity for nations of Greeks, Norwegians, Swiss, Dutch, New Zealanders, and many others, even if as nations they are small in population and in area. Indeed, one might well go further by saying that a co-ordinated and strong United Nations body is required now, and that immediate steps should be taken towards the creation of such a body.

We must set to work now and make the United Nations concept and the Atlantic Charter into working realities. That is the policy

the British Commonwealth must have in mind in facing the future. More than that, it is the policy which not only the British Commonwealth, but the United States of America and every one of the United Nations must have in mind in facing the future. Otherwise we shall have on us again a catastrophe beside which the present world war will fade into insignificance.

We cannot afford any extension of imperialism; we cannot afford to foster the rise of a new imperialism. Either we use some of the power implicit in our separate sovereignties to achieve unity—unity for the purpose of achieving security, for achieving a fair distribution of the world's resources, for maximum production, and for maximum trade, just as we unite to ensure individual freedom and security internally, or the old evils in an aggravated form will reappear and the good will perish.

We are using the lives and the bodies of our young people to make a new world possible. Neither Britain nor America can afford to betray those boys who have given their lives in this war. We shall betray them, we shall betray those who have fought for freedom in the past, we shall betray the children of this generation and the children of their children unless we determine now the materials we are to use in the foundations of the future. But we must always build such a foundation and such a structure that all men and all women, of whatever colour, whatever creed, whatever class they may be, or whatever language they may speak, shall have an opportunity to live the abundant life rendered possible by the Creator of all good things.



## APPENDIX I

THE figures below illustrate the contribution of New Zealand to the war effort in relation to its population and man power.

|   |           |
|---|-----------|
| Total population . . . . .                                    | 1,600,000 |
| Number of males . . . . .                                     | 800,000   |
| Men of military age (18-45 years) . . . . .                   | 400,000   |
| Medically fit men enrolled in Army, Navy, Air Force . . . . . | 189,000   |
| Men sent overseas . . . . .                                   | 95,000    |
| Casualties (killed, missing, prisoners, wounded) . . . . .    | 28,000    |
| Men enrolled in Home Guard . . . . .                          | 100,000   |
| Men enrolled in Civil Defence Organization (E.P.S.) . . . . . | 160,000   |

## APPENDIX II

### HOSPITAL AND MEDICAL BENEFITS IN NEW ZEALAND UNDER THE SOCIAL SECURITY ACT

*Expenditure year ended 31st March 1943*

|                               | £         |
|-------------------------------|-----------|
| Hospital Benefits . . .       | 1,539,000 |
| Medical Benefits . . .        | 1,016,000 |
| Maternity Benefits . . .      | 505,000   |
| Pharmaceutical Benefits . . . | 563,000   |
| Supplementary Benefits . . .  | 97,000    |

*Hospital Benefits—£1,539,000*

This sum covers the treatment of in-patients, for which a payment is made to hospital boards at the rate of 6s. per occupied bed per day (recently increased to 9s.). The expenditure also covers provision of most out-patient services, for which payment is made to hospital boards at the rate of sixty per cent of their total expenditure on these services. The balance of hospital expenditure is met from local taxation.

*Medical Benefits—£1,016,000*

Payment is made in different ways under a number of different schemes.

1. To general practitioners, at the rate of 7s. 6d. per ordinary consultation (the fee is increased to 12s. 6d. for urgent calls on Sundays and at night), plus mileage at the rate of 1s. 3d. per mile up to twenty miles from the doctor's residence. Mileage is not paid in respect of patients living in the same borough as the doctor. Fees may be claimed either by the doctor as a direct payment from the Government or by way of refund by the patient if he has paid the doctor's fee. A similar refund of 7s. 6d. is allowed to patients who attend and pay the fees of specialists.

2. Payment is also made under the capitation scheme at the rate of 15s. for every patient a doctor has on his capitation list. Mileage under this scheme is payable at the rate of 2s a mile, calculated one way, for every mile, from the third to the twentieth, that the patient lives from the doctor.
3. Payment is also made virtually on a salary basis to certain doctors, mostly in outlying areas, who undertake to care for all the residents of that area.

*Maternity Benefits—£505,000*

These are payable to doctors, hospitals, and obstetric nurses. The payment to the doctor includes ante-natal care and attendance at the confinement and is fixed at £5 5s. Maternity hospital benefit is paid for at the rate of £2 5s. for the day or days of labour and 12s. 6d. a day for the succeeding fourteen days. To obstetric nurses payment is made at the rate of £2 for a nurse acting on her own account or £1 if she assists a doctor, and 13s. a day for each of the fourteen days subsequent to the birth of the child if she resides on the same premises as the patient. If she does not so reside and merely pays visits the fee is 5s. a day for fourteen days.

*Pharmaceutical Benefits—£563,000*

These are paid in respect of prescriptions issued by doctors and made up by contracting chemists. The benefit covers all drugs set out on what is known as the 'Drug Tariff.'

*Supplementary Benefits—£97,000*

These cover X-ray diagnostic services, for which payment is made according to a schedule of fees agreed upon with the Radiologists Association and the Hospital Boards Association, and massage benefits, for which masseurs are paid 3s. 6d. per treatment permitting them to charge the patient 3s. 6d. if the service is given in his own rooms or 7s. if elsewhere.

### APPENDIX III

#### MONETARY BENEFITS UNDER SOCIAL SECURITY IN NEW ZEALAND

THE following table gives the weekly rate of pensions in operation at 31st March 1936, in comparison with the benefits under the Social Security Act at 1st July 1943, the number of persons in receipt of pensions at 31st March 1936, in comparison with the estimated number of beneficiaries under the Social Security Act at 31st March 1944 and the total expenditure on pensions for the twelve months ended 31st March 1936, in comparison with the estimated total expenditure under the Social Security Act for the twelve months ending 31st March 1944. The value of these benefits can be measured by reference to the Wartime Prices Index and the chapter on Stabilization.

| <i>Class of Benefit</i>            | <i>Weekly rate operative at</i> |                    | <i>No. of beneficiaries at</i> |                                 | <i>Total expenditure for twelve months ended</i> |                                 |
|------------------------------------|---------------------------------|--------------------|--------------------------------|---------------------------------|--|---------------------------------|
|                                    | <i>31 Mar. 1936</i>             | <i>1 July 1943</i> | <i>31 Mar. 1936</i>            | <i>31 Mar. 1944 (estimated)</i> | <i>31 Mar. 1936</i>                              | <i>31 Mar. 1944 (estimated)</i> |
|                                    |                                 |                    |                                |                                 | £  | £                               |
| Universal Superannuation . . . . . | No provision                    | 6s. 10d.           | —                              | 48,000                          | —  | 820,000                         |
| Age Benefit . . . . .              | 17s. 6d.                        | 32s. 6d.           |                                |                                 |  |                                 |
| Wife . . . . .                     |                                 | 10s. 6d.           |                                |                                 |  |                                 |
| Each child . . . . .               | 5s. for two or more children    | 10s. 6d.           | 43,309                         | 101,000                         | 1,718,601  | 8,100,000                       |
| Widows' Benefit . . . . .          |                                 |                    |                                |                                 |  |                                 |
| Widow with 1 child . . . . .       | 20s.                            | 40s. 6d.           |                                |                                 |  |                                 |
| Each further child . . . . .       | 10s.                            | 10s. 6d.           |                                |                                 |  |                                 |
| Widow without children . . . . .   | No provision                    | 25s.               | 4,369                          | 10,400                          | 311,864  | 965,000                         |

|                      |   |   |  |                           |        |         |            |             |
|----------------------|---|---|--|---------------------------|--------|---------|------------|-------------|
| Orphans' Benefit     | . | . | No provision                           | 15s. 9d.                  | —      | 410     | —          | 22,000      |
| Maori War            | . | . | 19s.                                   | 32s. 6d.                  | 43     | 2       | 2,577      | 100         |
| Miners' Benefit      |   |   |  |                           |        |         |            |             |
| Miner                | . | . | 25s.                                   | 32s. 6d.                  |        |         |            |             |
| Wife                 | . | . | 10s.                                   | 10s. 6d.                  |        |         |            |             |
| Each child           | . | . | 10s.                                   | 10s. 6d.                  | 851    | 800     | 67,834     | 80,000      |
| Invalids' Benefit    | . | . |  |                           |        |         |            |             |
| Invalid              | . | . | 17s. 6d. (blind)                       | 32s. 6d.                  | 507    | 11,800  | 22,991     | 1,030,000   |
| Wife                 | . | . | No provision                           | 10s. 6d.                  |        |         |            |             |
| Each child           | . | . | No provision                           | 10s. 6d.                  |        |         |            |             |
| Family Benefit       | . | . | 2s. for each child<br>in excess of two | 7s. 6d. for<br>each child | 11,691 | 14,500  | 149,043    | 920,000     |
| Unemployment Benefit | . | . | 20s.                                   | 20s.                      |        |         |            |             |
| Wife                 | . | . | 15s.                                   | 15s.                      |        |         |            |             |
| Each child           | . | . | 4s.                                    | 10s. 6d.                  | 24,471 | 400     | 807,095    | 60,000      |
| Sickness Benefit     | . | . | No provision                           | 20s.                      |        |         |            |             |
| Wife                 | . | . |  | 15s.                      |        |         |            |             |
| Each child           | . | . |  | 10s. 6d.                  | —      | 3,800   | —          | 420,000     |
| Emergency Benefit    | . | . | No provision                           | Variable                  | —      | 1,950   | —          | 130,000     |
|                      |   |   |  |                           | 85,241 | 193,062 | £3,080,005 | £12,547,100 |

# APPENDIX IV

## EXPENDITURE ON SOCIAL SERVICES IN NEW ZEALAND 1934 TO 1943

| Year<br>ended<br>31 Mar. | Health<br>£ | Mental<br>Hospitals<br>£ | Education<br>£ | Pensions<br>and Benefits<br>£ | Social Security,<br>Hospital and |                        |                                | Total<br>£  |
|--------------------------|-------------|--------------------------|----------------|-------------------------------|----------------------------------|------------------------|--------------------------------|-------------|
|                          |             |                          |                |                               | Medical<br>Benefits<br>£         | Nat.<br>Provident<br>£ | Relief of<br>Unemployment<br>£ |             |
| 1934                     | 743,212     | 317,367                  | 2,749,134      | 3,148,895                     | —                                | 80,285                 | 4,674,283                      | 11,713,176  |
| 1935                     | 779,872     | 363,896                  | 2,982,640      | 3,338,354                     | —                                | 77,538                 | 4,428,815                      | 11,971,115  |
| 1936                     | 818,127     | 358,381                  | 3,253,883      | 3,659,664                     | —                                | 102,866                | 5,514,441                      | 13,707,362  |
| 1937                     | 1,015,270   | 494,075                  | 3,970,934      | 4,940,428                     | —                                | 112,545                | 5,203,288                      | 15,736,540  |
| 1938                     | 1,231,880   | 544,000                  | 4,613,013      | 6,312,530                     | —                                | 123,718                | 4,990,642                      | 17,815,783  |
| 1939                     | 1,451,815   | 568,108                  | 5,089,406      | 6,870,344                     | —                                | 133,959                | 7,231,664                      | 21,345,296  |
| 1940                     | 1,591,282   | 593,065                  | 5,556,608      | 11,270,588                    | 1,505,973                        | 119,618                | 4,038,491                      | 24,585,625  |
| 1941                     | 1,473,384   | 576,471                  | 5,339,964      | 12,301,944                    | 2,218,824                        | 103,513                | 3,164,061                      | 25,178,161  |
| 1942                     | 2,013,730   | 536,227                  | 5,217,635      | 12,737,492                    | 2,827,400                        | 100,845                | 1,492,114                      | 24,925,443  |
| 1943                     | 2,018,170   | 514,721                  | 5,043,711      | 14,009,878                    | 4,239,209                        | 103,829                | 440,938                        | 26,370,456  |
| Total                    | 13,136,742  | 4,776,311                | 43,816,928     | 78,590,117                    | 10,791,406                       | 1,058,716              | 41,178,737                     | 193,348,957 |

Note: To obtain a true understanding of the above table it is necessary to note the particular increase in expenditure after 1st April 1939, when the Social Security Act became operative.

## APPENDIX V

### FINANCING THE WAR IN NEW ZEALAND

AN analysis of war expenditure to 31st March 1943 and the method of financing is as follows:

| <i>Expenditure</i>   | <i>£ (millions)</i> |
|--|---------------------|
| Pay and allowances . . . . .                                     | 60.6                |
| Stores . . . . .   | 72.1                |
| Accommodation, victualling, and clothing . . . . .               | 18.8                |
| Land, buildings, fortifications, aerodromes, and ships . . . . . | 21.8                |
| Transport . . . . .  | 8.4                 |
| Repairs, maintenance, and rent . . . . .                         | 3.3                 |
| Administration and general expenses . . . . .                    | 16.4                |
| Civil (including reserve stocks) . . . . .                       | 17.4                |
| Reciprocal aid: reverse lend-lease . . . . .                     | 7.0                 |
| Miscellaneous . . . . .  | 3.6                 |
|  | <hr/>               |
| Total expenditure . . . . .                                      | £229.4              |
| Cash and imprests outstanding, 31st March 1943 . . . . .         | 9.6                 |
|  | <hr/>               |
|  | £239.0              |
| <br><i>Receipts</i>  |                     |
|  | <i>£ (millions)</i> |
| Taxation (including transfers from civil budget) . . . . .       | 88.1                |
| Loans in New Zealand and overseas . . . . .                      | 123.5               |
| Reciprocal aid: lend-lease . . . . .                             | 26.8                |
| Miscellaneous . . . . .  | 0.6                 |
|  | <hr/>               |
|  | £239.0              |

#### *Notes*

Income tax receipts paid into the War Expenses Account represent a super tax of  $33\frac{1}{3}$  per cent over and above the ordinary rates of income tax—the proceeds of this latter tax being credited to the civil budget. This rate of super tax applied to incomes for the year ended 31st March 1942, and prior to this the rate was fifteen per cent.

Proceeds from death and gift duties were formerly credited to

the ordinary civil revenues of the Government, but with the setting up of the War Expenses Account, the receipts from these taxes were paid into this account. In diverting the proceeds of these taxes for war purposes the exemptions were lowered and the rate of duty increased.

Customs and excise duties relate to duties on imports, beer duty and gold export tax and an increased sales tax. These are all special wartime taxes imposed specifically to augment the revenue of the War Expenses Account.

The taxation item postage also is the proceeds of a special increase in postage rates for war purposes.

National security tax is also a special war tax. It is levied on all incomes at the rate of 1s. 6d. in the pound. Prior to the year 1942-3 the rate was 1s. in the pound.

In regard to the receipts item loans, these came from several sources, the main being public loans, loans from government departments and institutions, national savings, and loans raised under an agreement with the United Kingdom Government.

An amount of £1,500,000 is transferred from the ordinary civil budget each year to the War Expenses Account, together with the surplus for the year. These amounts are included in the item 'Transfers from the Civil Budget.'

Lend-lease assistance makes its appearance in the account for the first time in the year 1942-3. The figure given for that year includes assistance received the previous year, but which it was not possible to include in that year's accounts.

### *Payments*

The armed service items are self-explanatory, but mention should be made of the item 'civil.' This relates to the civilian side of the war effort, and includes goods and services produced for the armed services and other governments, the cost of which has not yet been recovered. The item 'Reverse Lend-Lease' represents reciprocal aid granted by the New Zealand Government to the United States forces, and in this regard it should be stated that it relates only to a portion of a year.



## APPENDIX VI

### AGREEMENT BETWEEN AUSTRALIA AND NEW ZEALAND

MADE IN CANBERRA, 21ST JANUARY 1944

His Majesty's Government in the Commonwealth of Australia and His Majesty's Government in the Dominion of New Zealand (hereinafter referred to as 'the two Governments') represented as follows:

*The Government of the Commonwealth of Australia by*

The Right Hon. JOHN CURTIN, Prime Minister of Australia and Minister for Defence.

The Hon. FRANCIS MICHAEL FORDE, Minister for the Army.

The Hon. JOSEPH BENEDICT CHIFLEY, Treasurer and Minister for Post-War Reconstruction.

The Right Hon. HERBERT VERE EVATT, K.C., LL.D., Attorney-General and Minister for External Affairs.

The Hon. JOHN ALBERT BEASLEY, Minister for Supply and Shipping.

The Hon. NORMAN JOHN OSWALD MAKIN, Minister for the Navy and Minister for Munitions.

The Hon. ARTHUR SAMUEL DRAKEFORD, Minister for Air and Minister for Civil Aviation.

The Hon. JOHN JOHNSTONE DEDMAN, Minister for War Organization of Industry.

The Hon. EDWARD JOHN WARD, Minister for Transport and Minister for External Territories.

The Hon. THOMAS GEORGE DE LARGIE D'ALTON, High Commissioner for Australia in New Zealand.

*The Government of the Dominion of New Zealand by*

The Right Hon. PETER FRASER, Prime Minister of New Zealand, Minister of External Affairs, and Minister of Island Territories.

The Hon. FREDERICK JONES, Minister of Defence and Minister in Charge of Civil Aviation.

The Hon. PATRICK CHARLES WEBB, Postmaster-General and Minister of Labour.

CARL AUGUST BERENDSEN, Esq., C.M.G., High Commissioner for New Zealand in Australia.

Having met in conference at Canberra from the 17th to the 21st January 1944, and desiring to maintain and strengthen the close and cordial relations between the two Governments, do hereby enter into this agreement.

#### DEFINITION OF OBJECTIVES OF AUSTRALIAN-NEW ZEALAND CO-OPERATION

1. The two Governments agree that, as a preliminary, provision shall be made for fuller exchange of information regarding both the views of each Government and the facts in the possession of either bearing on matters of common interest.

2. The two Governments give mutual assurances that, on matters which appear to be of common concern, each Government will, so far as possible, be made acquainted with the mind of the other before views are expressed elsewhere by either.

3. In furtherance of the above provisions with respect to exchange of views and information, the two Governments agree that there shall be the maximum degree of unity in the presentation, elsewhere, of the views of the two countries.

4. The two Governments agree to adopt an expeditious and continuous means of consultation by which each will obtain directly the opinions of the other.

5. The two Governments agree to act together in matters of common concern in the South-west and South Pacific areas.

6. So far as compatible with the existence of separate military commands, the two Governments agree to co-ordinate their efforts for the purpose of prosecuting the war to a successful conclusion.

#### ARMISTICE AND SUBSEQUENT ARRANGEMENTS

7. The two Governments declare that they have vital interests in all preparations for any armistice ending the present hostilities

or any part thereof and also in arrangements subsequent to any such armistice, and agree that their interests should be protected by representation at the highest level on all armistice planning and executive bodies.

8. The two Governments are in agreement that the final peace settlement should be made in respect of all our enemies after hostilities with all of them are concluded.

9. Subject to the last two preceding clauses, the two Governments will seek agreement with each other on the terms of any armistice to be concluded.

10. The two Governments declare that they should actively participate in any armistice commission to be set up.

11. His Majesty's Government in the Commonwealth of Australia shall set up in Australia, and His Majesty's Government in the Dominion of New Zealand shall set up in New Zealand, armistice and post-hostilities planning committees, and shall arrange for the work of those committees to be co-ordinated in order to give effect to the views of the respective Governments.

12. The two Governments will collaborate generally with regard to the location of machinery set up under international organizations, such as the United Nations Relief and Rehabilitation Administration, and, in particular, with regard to the location of the Far Eastern Committee of that Administration.

#### SECURITY AND DEFENCE

13. The two Governments agree that, within the framework of a general system of world security, a regional zone of defence comprising the South-west and South Pacific areas shall be established and that this zone should be based on Australia and New Zealand, stretching through the arc of islands north and north-east of Australia, to Western Samoa and the Cook Islands.

14. The two Governments regard it as a matter of cardinal importance that they should both be associated, not only in the membership, but also in the planning and establishment, of the general international organization referred to in the Moscow Declaration of October 1943, which organization is based on the principle of the sovereign equality of all peace-loving states and

open to membership by all such states, large or small, for the maintenance of international peace and security.

15. Pending the re-establishment of law and order and the inauguration of a system of general security, the two Governments hereby declare their vital interest in the action on behalf of the community of nations contemplated in Article 5 of the Moscow Declaration of October 1943. For that purpose it is agreed that it would be proper for Australia and New Zealand to assume full responsibility for policing or sharing in policing such areas in the South-west and South Pacific as may from time to time be agreed upon.

16. The two Governments accept as a recognized principle of international practice that the construction and use, in time of war by any power of naval, military, or air installations, in any territory under the sovereignty or control of another power, does not, in itself, afford any basis for territorial claims or rights of sovereignty or control after the conclusion of hostilities.

#### CIVIL AVIATION

17. The two Governments agree that the regulation of all air transport services should be subject to the terms of a convention which will supersede the Convention relating to the Regulation of Aerial Navigation.

18. The two Governments declare that the air services using the international air trunk routes should be operated by an international air transport authority.

19. The two Governments support the principles that

- (a) Full control of the international air trunk routes and the ownership of all aircraft and ancillary equipment should be vested in the international air transport authority, and
- (b) The international air trunk routes should themselves be specified in the international agreement referred to in the next succeeding clause.

20. The two Governments agree that the creation of the international air transport authority should be effected by an international agreement.

21. Within the framework of the system set up under any such international agreement the two Governments support

- (a) The right of each country to conduct all air transport services within its own national jurisdiction, including its own contiguous territories, subject only to agreed international requirements regarding safety, facilities, landing, and transit rights for international services and exchange of mails,
- (b) The right of Australia and New Zealand to utilize to the fullest extent their productive capacity in respect of aircraft and raw materials for the production of aircraft, and
- (c) The right of Australia and New Zealand to use a fair proportion of their own personnel, agencies, and materials in operating and maintaining international air trunk routes.

22. In the event of failure to obtain a satisfactory international agreement to establish and govern the use of international air trunk routes, the two Governments will support a system of air trunk routes controlled and operated by Governments of the British Commonwealth of Nations under government ownership.

23. The two Governments will act jointly in support of the above-mentioned principles with respect to civil aviation, and each will inform the other of its existing interests and commitments, as a basis of advancing the policy herein agreed upon.

#### DEPENDENCIES AND TERRITORIES

24. Following the procedure adopted at the Conference which has just concluded, the two Governments will regularly exchange information and views in regard to all developments in or affecting the islands of the Pacific.

25. The two Governments take note of the intention of the Australian Government to resume administration at the earliest possible moment of those parts of its territories which have not yet been reoccupied.

26. The two Governments declare that the interim administration and ultimate disposal of enemy territories in the Pacific are of vital importance to Australia and New Zealand, and that any such

disposal should be effected only with their agreement and as part of a general Pacific settlement.

27. The two Governments declare that no change in the sovereignty or system of control of any of the islands of the Pacific should be effected except as a result of an agreement to which they are parties or in the terms of which they have both concurred.

#### WELFARE AND ADVANCEMENT OF NATIVE PEOPLES OF THE PACIFIC

28. The two Governments declare that, in applying the principles of the Atlantic Charter to the Pacific, the doctrine of 'trusteeship' (already applicable in the case of the mandated territories of which the two Governments are mandatory powers) is applicable in broad principle to all colonial territories in the Pacific and elsewhere, and that the main purpose of the trust is the welfare of the native peoples and their social, economic, and political development.

29. The two Governments agree that the future of the various territories of the Pacific and the welfare of their inhabitants cannot be successfully promoted without a greater measure of collaboration between the numerous authorities concerned in their control, and that such collaboration is particularly desirable in regard to health services and communications, matters of native education, anthropological investigation, assistance in native production, and material development generally.

30. The two Governments agree to promote the establishment, at the earliest possible date, of a regional organization with advisory powers, which could be called the South Seas Regional Commission, and on which, in addition to representatives of Australia and New Zealand, there might be accredited representatives of the Governments of the United Kingdom and the United States of America, and of the French Committee of National Liberation.

31. The two Governments agree that it shall be the function of such South Seas Regional Commission as may be established to secure a common policy on social, economic, and political development directed towards the advancement and well-being of the native peoples themselves, and that in particular the Commission shall

(a) Recommend arrangements for the participation of natives

in administration in increasing measure with a view to promoting the ultimate attainment of self-government in the form most suited to the circumstances of the native peoples concerned,

- (b) Recommend arrangements for material development including production, finance, communications, and marketing,
- (c) Recommend arrangements for co-ordination of health and medical services and education,
- (d) Recommend arrangements for maintenance and improvement of standards of native welfare in regard to labour conditions and social services,
- (e) Recommend arrangements for collaboration in economic, social, medical, and anthropological research, and
- (f) Make and publish periodical reviews of progress towards the development of self-governing institutions in the islands of the Pacific and in the improvement of standards of living, conditions of work, education, health, and general welfare.

#### MIGRATION

32. In the peace settlement or other negotiations the two Governments will accord one another full support in maintaining the accepted principle that every Government has the right to control immigration and emigration in regard to all territories within its jurisdiction.

33. The two Governments will collaborate, exchange full information, and render full assistance to one another in all matters concerning migration to their respective territories.

#### INTERNATIONAL CONFERENCE RELATING TO THE SOUTH-WEST AND SOUTH PACIFIC

34. The two Governments agree that, as soon as practicable, there should be a frank exchange of views on the problems of security, post-war development, and the native welfare between properly accredited representatives of the Governments with

existing territorial interests in the South-west Pacific area or in the South Pacific area, or in both, namely, in addition to the two Governments, His Majesty's Government in the United Kingdom, the Government of the United States of America, the Government of the Netherlands, the French Committee of National Liberation and the Government of Portugal, and His Majesty's Government in the Commonwealth of Australia should take the necessary steps to call a conference of the Governments concerned.

PERMANENT MACHINERY FOR COLLABORATION AND CO-OPERATION  
BETWEEN AUSTRALIA AND NEW ZEALAND

35. The two Governments agree that

- (a) Their co-operation for defence should be developed by
  - (i) Continuous consultation in all defence matters of mutual interest,
  - (ii) The organization, equipment, training, and exercising of the armed forces under a common doctrine,
  - (iii) Joint planning,
  - (iv) Interchange of staff, and
  - (v) The co-ordination of policy for the production of munitions, aircraft, and supply items and for shipping, to ensure the greatest possible degree of mutual aid consistent with the maintenance of the policy of self-sufficiency in local production;
- (b) Collaboration in external policy on all matters affecting the peace, welfare, and good government of the Pacific should be secured through the exchange of information and frequent ministerial consultation;
- (c) The development of commerce between Australia and New Zealand and their industrial development should be pursued by consultation and in agreed cases by joint planning;
- (d) There should be co-operation in achieving full employment in Australia and New Zealand, and the highest standards of social security both within their borders and throughout the



islands of the Pacific and other territories for which they may jointly or severally be wholly or partly responsible; and

- (e) There should be co-operation in encouraging missionary work and all other activities directed towards the improvement of the welfare of the native peoples in the islands and territories of the Pacific.

36. The two Governments declare their desire to have the adherence to the objectives set out in the last preceding clause of any other Government having or controlling territories in the Pacific.

37. The two Governments agree that the methods to be used for carrying out the provisions of Clause 35 of this Agreement and of other provisions of this Agreement shall be consultation, exchange of information, and, where applicable, joint planning. They further agree that such methods shall include

- (a) Conferences of Ministers of State to be held alternately in Canberra and Wellington, it being the aim of the two Governments that these conferences be held at least twice a year,
- (b) Conferences of departmental officers and technical experts,
- (c) Meetings of standing inter-Governmental committees on such subjects as are agreed to by the two Governments,
- (d) The fullest use of the status and functions of the High Commissioner of the Commonwealth of Australia in New Zealand and of the High Commissioner of the Dominion of New Zealand in Australia.
- (e) Regular exchange of information,
- (f) Exchange of officers, and
- (g) The development of institutions in either country serving the common purposes of both.

#### PERMANENT SECRETARIAT

38. In order to ensure continuous collaboration on the lines set out in this agreement and to facilitate the carrying-out of the duties and functions involved, the two Governments agree that a

permanent secretariat shall be established in Australia and in New Zealand.

39. The secretariat shall be known as the *Australian-New Zealand Affairs Secretariat*, and shall consist of a secretariat of the like name to be set up in Australia and a secretariat of the like name to be set up in New Zealand, each under the control of the Ministry of External Affairs in the country concerned.

40. The functions of the Secretariat shall be

- (a) To take the initiative in ensuring that effect is given to the provisions of this agreement,
- (b) To make arrangements as the occasion arises for the holding of conferences or meetings,
- (c) To carry out the directions of those conferences in regard to further consultation, exchange of information, or the examination of particular questions,
- (d) To co-ordinate all forms of collaboration between the two Governments,
- (e) To raise for joint discussion and action such other matters as may seem from day to day to require attention by the two Governments, and
- (f) Generally to provide for more frequent and regular exchanges of information and views, those exchanges between the two Governments to take place normally through the respective High Commissioners.

41. His Majesty's Government in the Commonwealth of Australia and His Majesty's Government in the Dominion of New Zealand each shall nominate an officer or officers from the staff of their respective High Commissioners to act in closest collaboration with the Secretariat in which they shall be accorded full access to all relevant sources of information.

42. In each country the Minister of State for External Affairs and the Resident High Commissioner shall have joint responsibility for the effective functioning of the Secretariat.

## RATIFICATION AND TITLE OF AGREEMENT

43. This agreement is subject to ratification by the respective Governments and shall come into force as soon as both Governments have ratified the agreement and have notified each other accordingly. It is intended that such notification will take place as soon as possible after the signing of this agreement.

44. This agreement shall be known as the *Australian-New Zealand Agreement 1944*.

Dated this twenty-first day of January, One thousand  
nine hundred and forty-four.



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